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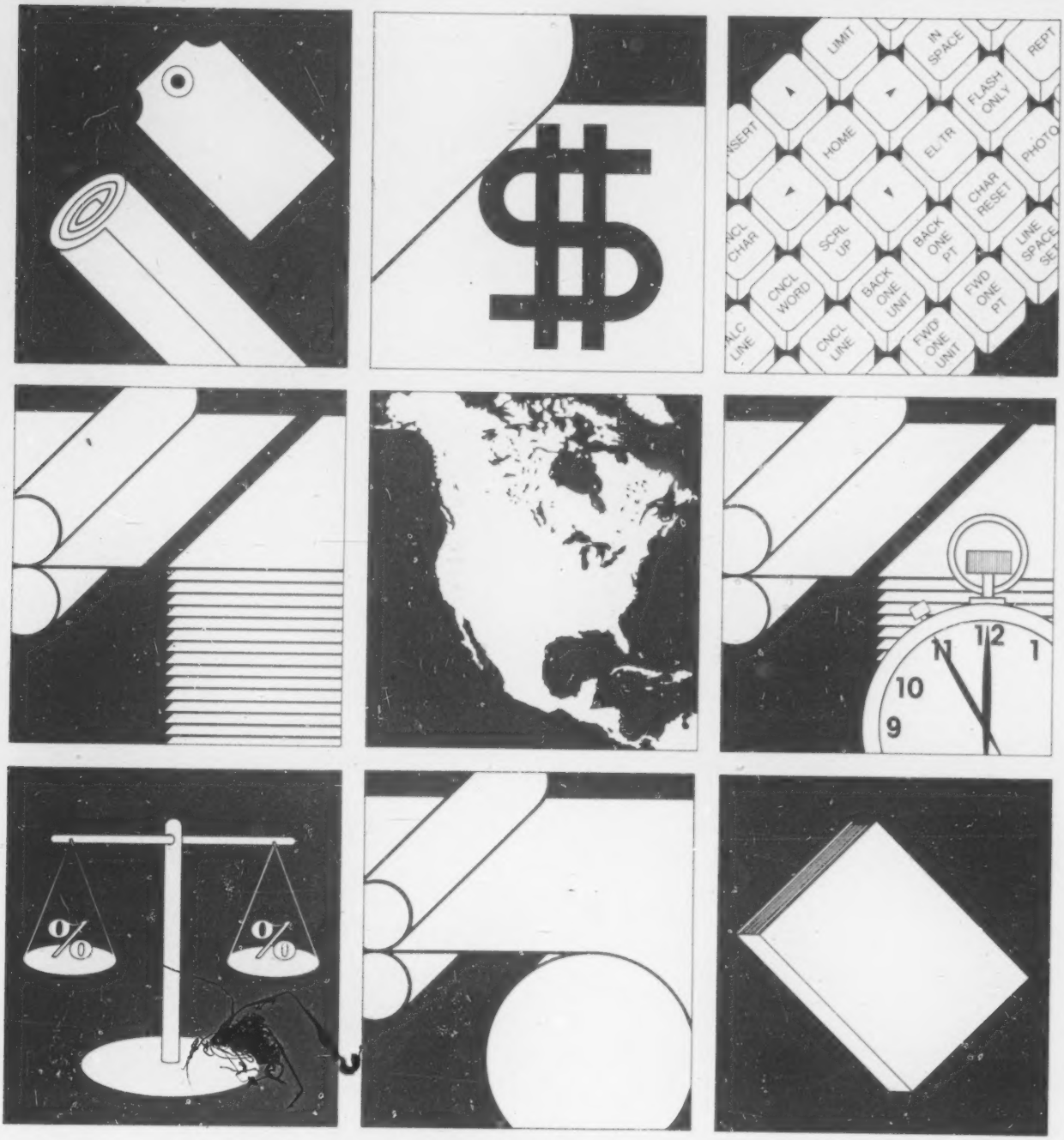
Printing Industries of America, Inc.

1984 Financial Ratios



Volume I
Management Guide to the PIA Ratios

ABOUT PIA . . .

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial service package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Microcomputer Seminars

For further information, contact:

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PIA's Education and Publication Group is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980s (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981-82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation
- 1984 Executive Compensation Report

These books are available through PIA Affiliated Associations' Graphic Arts Bookstores. For further information, contact:

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61st annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1984

MANAGEMENT GUIDE TO THE PIA RATIO STUDIES

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PRINTING INDUSTRIES OF AMERICA, INC.

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Dear Colleague:

1984 is the 61st year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the U.S. and Canadian graphic arts industries. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the U.S. and Canadian printing industry, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

The annual PIA Financial Ratio Study is the most comprehensive financial survey available on the health of the graphic arts industry. To help you effectively use the study, it is our pleasure to present to you this management guide.

The guide is basically divided into three sections. General information about how to use the ratios is included in the first section. The second section includes step-by-step procedures to analyze the financial statements and important relationships inherent to the study. Meaningful financial topics relative to the graphic arts field supplement the guide and comprise the third section.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling the 1984 PIA Financial Ratio Study.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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SECTION 1 - HOW TO USE THE RATIOS

I. STATISTICAL INFORMATION -- HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed according to a method of relative or common size. With this method each company's dollars are converted into a percentage of total dollars for all companies. Then these percentages are totaled and divided by the number of firms in the same category. This method avoids what is known as self-weighting, a common pitfall when dealing with various magnitudes, by giving each company equal weight regardless of its size.

The following example illustrates how this method of calculation eliminates the problem of the ratios giving inordinate weight to the results of very large firms.

			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

II. ALL FIRMS

The term "All Firms" has two distinct meanings in the PIA Ratio Studies. Sometimes it refers to all printing firms participating in the studies; at other times it applies to participating firms in a given category -- for example, the sales class from $500,000 to $1,500,000.

III. PROFIT LEADERS

Why 8%?

The term "Profit Leaders" is used to describe those firms that earned 8% or more income before taxes as a percentage of sales. One may ask, why 8% - why not 6% or 10%? Nobody knows why 8% has become the standard with which to distinguish Profit Leaders. However, over the years, that figure has proven to be a satisfactory measurement. Each year, about 25% of participating firms achieve the distinction of Profit Leader, thus constituting an upper quartile of all participating firms. Historically, the average percentage of pretax profits attained by Profit Leaders is 12%. Therefore, it may be safe to assume that the relevant range of profitability of Profit Leaders is from 8% to 16% of sales, with the average Profit Leader actually achieving pretax profits of 12% rather than 8%.

	1980	1981	1982	1983	1984
Percentage of All Firms that are Profit Leaders	26.9%	27.1%	25.2%	18.2%	20.4%
Profit Leaders Income Before Taxes	11.85%	11.88%	12.15%	12.08%	11.90%

Source: PIA Ratio Studies

IV. WHY NOT ROI AS A MEASUREMENT?

PIA Ratios have shown that those printing firms earning 8% or greater pretax profits generate a healthy Return On Investment (ROI). The average ROI of Profit Leaders in recent years has been 17%. Indeed, ROI is one of the most comprehensive measures of profitability. So much so that many printers would like to see it as a criterion for determining Profit Leaders. Since ratios should be at a level that produces the optimum ROI over a period of time, changing the measure of profitability may have reasonable cause in the future. However, since most of the printing industry relates profit to sales instead of investment, and supporting data indicates that firms with pretax profits of 8% or greater have sound investment turnovers, there appears to be no reason to change the measure of profitability at the present time.

Printing managers should pay close attention to ROI and heed the suggestions offered in the section on ROI later in this book.

The ultimate objective of the printing manager in using financial comparative analysis, such as is presented in the PIA Ratio Studies, is to obtain qualitative information about the printing industry. He can then make good economic decisions for his business, and increase his printing company's profits. Generally, a printing manager wants to know.....

Are my expenses too high in relation to my sales?
Do I have too little or too much inventory in stock?
Am I producing enough Value-Added Sales?
Can we meet our debts as they mature?
Are our customers receivables being collected rapidly?
Should we increase our selling prices?
How Can We Increase Our Profits??

The PIA Ratio Studies have historically provided insights for answering these and other questions, but only when used effectively. The effective use of the Ratio Studies is the subject of this management guide.

PURPOSE

Year after year, the PIA Ratio studies have proven that companies with vastly different sales volumes and that fall into many different categories can attain profits. Guiding you to higher profits is the primary purpose of the annual PIA Ratio Studies. Throughout the studies, there is relevant financial information designed specifically for your graphic arts firm. The key is knowing how to use these studies effectively. There are three basic steps in using the Ratios: set-up, comparison, and analysis. Each of these is discussed below.

I. SET-UP -- CHART YOUR ACCOUNTS

Initially, make sure your financial statements are set up in a format similar to the PIA Ratio Statements. These statements are geared to the printing industry and so putting your own statements into a similar form should be no problem for you. Once this is done, you will be better prepared to compare your financial results with those of similar firms and will be able to extract significant information for the profitable control of your company. The printing firm uses various accounts in recording its day to day transactions.

A customized Chart of Accounts is your blueprint for producing meaningful financial statements. It provides the basic framework for collecting and recording financial data. Keep in mind, though, that every printing firm will have exceptions and requirements unique to its own operations. For example, one printer may have in-house bindery operations; another company may use an outside company for bindery services. To a certain extent, their accounts would differ. Nevertheless, you will find that the majority of account classifications presented here apply to your company as well.

Organize Raw Data

The first step in charting your accounts is to organize your raw financial data into groupings according to the lines of responsibility in your company's organizational chart. Frequently, the proper preliminary planning in organizing a Chart of Accounts is missing. When this happens, the result is an operating statement similar to the one in Example 1. The only relevant information supplied to this company's management is the profit number. Consequently, management is likely to find that not only is pinpointing problem areas difficult but also that there is no way to evaluate the company's operations. The reason is that accounts are not based on the organizational structure of the company; nor are factory, selling and administrative expenses segregated. In short, the company in Example 1 lacks a useful basic framework because detailed information is missing from its major accounts.

EXAMPLE 1 - HOW NOT TO CHART ACCOUNTS

SALES		$5,420,000
EXPENSES		
Wages	$1,788,600	
Materials	1,242,800	
Other Materials	732,200	
Factory Expense and Maintenance	277,900	
Utilities, Electric	21,300	
Delivery	59,000	
Travel	48,200	
Advertising	26,100	
Telephone	26,600	
Insurance	30,900	
Office Expense	139,800	
Bad Debts	21,700	
Heat	38,300	
Employee Benefits	142,500	
Miscellaneous Expense	72,600	
Commissions	149,000	
Sales Discounts	39,400	
Depreciation	166,400	
Rent	124,200	
Taxes	153,900	5,301,400
OTHER INCOME		118,600
Discounts Taken	92,300	
Other Income	45,500	137,800
PROFIT BEFORE INCOME TAXES		$ 256,400

Every company's financial system should be controlled through a Chart of Accounts. Furthermore, each account should be broken down so that it provides for the collection of as much information as is necessary, paying close attention to as many details as is possible. Generally, businesses use similar account structures in recording their transactions, listing their assets owned (cash, etc.), debts owed, income received (sales), and expenses. Specific accounts, though, are inherent in a particular industry -- in this case, printing. The PIA Standard Classification of Accounts is an excellent guide to use to begin customizing your own Chart of Accounts. For example, a well-designed Chart of Accounts separates a printer's Material Costs into paper, ink, film, plates, other chargeable materials and outside services. These accounts are common to most printing firms. Outside Services is further detailed into art, composition, offset preparation, printing services, bindery and other. Here, customization takes effect according to the printer's final product (see Example 2). Using this system, if any problem areas in Material Costs are imminent, they will be quickly detected.

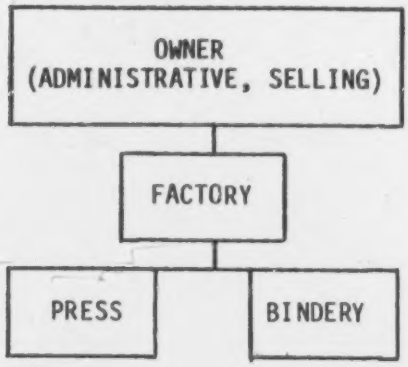
EXAMPLE 2 - HOW TO CHART ACCOUNTS

MATERIAL COSTS		
Paper		$XXX
Ink		XXX
Film		XXX
Plates		XXX
Other Chargeable Materials		XXX
Outside Services		
Art	$XXX	
Composition	XXX	
Offset Preparation	XXX	
Printing Services	XXX	
Bindery	XXX	
Other	XXX	XXX
TOTAL MATERIAL COSTS		$XXX

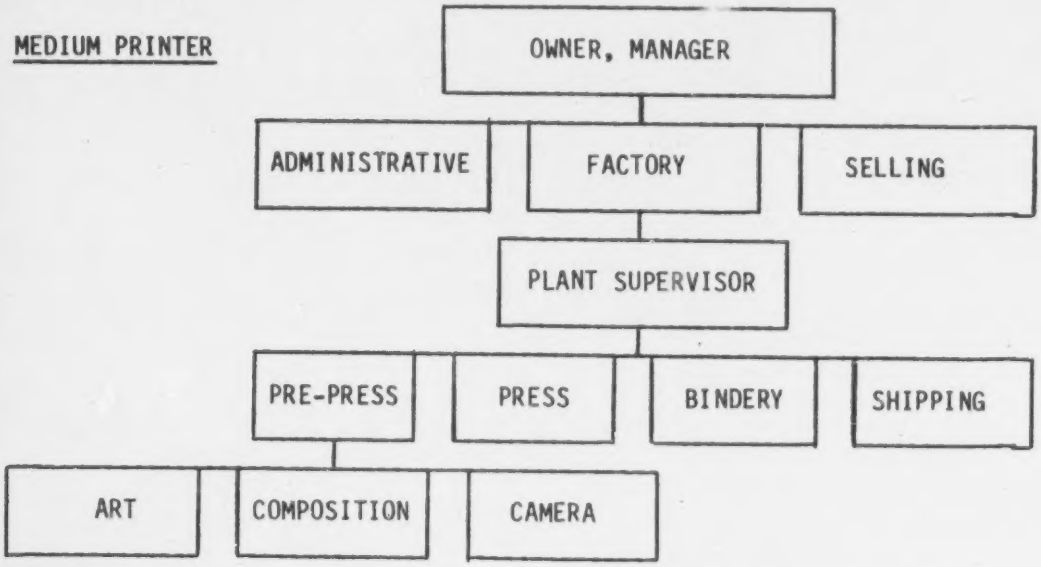
To reiterate, your Chart of Accounts should be based upon your organizational structure. If one does not exist, identify the major functions, departments and cost centers. Your organizational chart may be simple or complex depending on the size of your company, the products it produces and the processes involved. List your company's functions and/or departments and diagram them as has been done in the charts in Example 3. You may first want to make a flowchart of how items are processed through your present system.

EXAMPLE 3 - ORGANIZATIONAL CHARTS

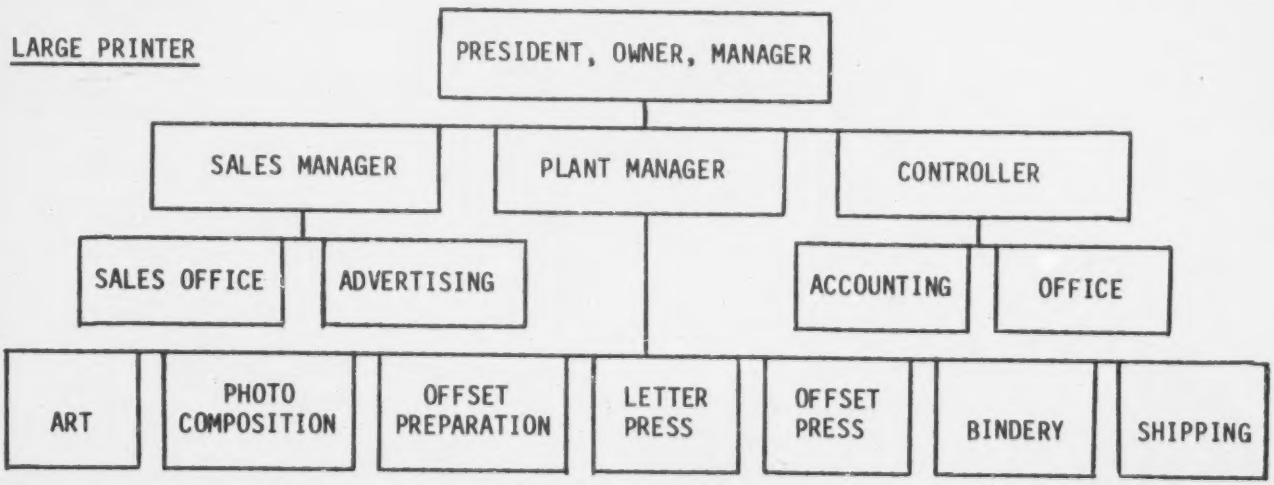
SMALL PRINTER



MEDIUM PRINTER



LARGE PRINTER



Identify Functions

Next, identify the income and expense items associated with each department. It is necessary to know each kind of revenue and each kind of expense incurred according to a cost center. Let us assume that you are a medium-size printer. According to the organizational structure illustrated here, the medium printer has administrative, selling and factory departments. The factory department is segregated into cost centers identified as pre-press, press, bindery and shipping. The pre-press cost center is further broken down into art, composition and camera cost centers.

Segregate Duties

You are now ready to chart your accounts. Let us concentrate on one expense -- PAYROLL. From your payroll records, identify each employee's job function. Then organize the functions appropriately (based on the organizational chart) into factory employees, administrative employees and selling employees. Also, organize the payroll-related expenses (payroll taxes and employee benefits) accordingly.

Allocating factory payroll is not really difficult, but it does take more planning because the bulk of your employees work in this department. Furthermore, this is where your work is accomplished. As an example, we will assume that from your payroll records we have identified 15 employees working in the factory. Their job functions (positions) are as follows:

JOB POSITIONS OF FACTORY WAGE-EARNERS

1. Plant Supervisor
2. Shipping Clerk
3. Truck Driver
4. Artist
5. General Helper
6. Pressman
7. Pressman's Apprentice
8. Proofreader
9. Compugraphic Operator
10. Stripper
11. Pressman
12. Cutter
13. Folder
14. Hand Binder
15. Cameraman

Now, match up each job with the corresponding cost center from the organizational chart. We know that general helpers are used in almost every cost center. To allocate their payroll expenses accordingly would be a wasteful effort. Cost-benefit analysis comes into play here. Their work cannot be directly chargeable to a certain job; therefore, their payroll expenses should not be classified as a direct labor function. The same principle holds true for the shipping clerk and the truck driver. These employees should be classified as indirect labor since they are responsible for general factory duties. (The PIA Standard Classification of Accounts itemizes these wages as General Factory Salaries and Wages and Packing, Shipping and Delivery Wages.)

How To Chart The Accounts

Referring to the PIA Standard Classification of Accounts, we will now chart your Factory Payroll accounts based on information obtained through organizing your raw data, identifying functions, and segregating duties. This is the result:

EXECUTIVE SALARIES.....	Plant Supervisor
INDIRECT WAGES.....	Shipping Clerk
.....	Truck Driver
.....	General Helper
DIRECT WAGES	
PRE-PRESS	
ART.....	Artist
COMPOSITION.....	Compugraphic Operator
	Proofreader
CAMERA.....	Stripper
	Cameraman
PRESS.....	Pressman
.....	Pressman's Apprentice
BINDERY.....	Cutter
	Folder
	Hand Binder

Combining departmental wages for your Statement of Income would result in the following:

FACTORY PAYROLL	
Executive Salaries	$XXX
Direct Wages	XXX
General Factory Wages	XXX
Packing, Shipping and Delivery Wages	XXX
Payroll Taxes	XXX
Employee Benefits	XXX
TOTAL FACTORY PAYROLL	$XXX

This illustration has concentrated on Factory Payroll only. Other expenses and revenues should be identified, segregated and charted according to relevant cost centers in the organizational chart. The result will be an organized Chart of Accounts from which you can draw information for meaningful financial statements.

Better Pricing, Costing And Control

Going a step further, the refinement of your Chart of Accounts will supply necessary data for other purposes as well. For example, a detailed Chart of Accounts can help you make more accurate hourly cost rate computations. This, in turn, will lead to better pricing and costing. Your Chart of Accounts puts at your fingertips valuable information for managing your budgeting and forecasting, and for successfully controlling your printing company's operations.

II. COMPARE

In order for you to compare your financial statements (derived from a well-designed chart of accounts) with the PIA Ratio Standards, there must be a common denominator that allows you to pinpoint potential strengths and weaknesses in your drive to boost profits. If you convert your dollars into percentages, you will have that common denominator. The results will be percentile statements called "common size" statements. Dollar amounts are different for each firm; "common size" statements are comparable because every company's base is the same - 100 per cent of sales, value added, or total assets.

Now, you are ready to compare your company's percentages with a target range -- the PIA PROFIT LEADERS. Outside services costs of $331,600 may be good, bad or indifferent, but outside services costing 8 percent of sales suddenly becomes meaningful when compared to a target range (see Example 4).

EXAMPLE 4 - REPORT ON OPERATIONS

	YOUR COMPANY		PIA HIGH PROFIT STANDARDS	DIFFERENCE
	DOLLARS	"COMMON SIZE" OR % OF SALES	"COMMON SIZE" OR % OF SALES	MORE (LESS)
SALES OR VALUE OF PRODUCT PRODUCED	$4,000,000	100.00%	100.00%	-
FACTORY COST OF PRODUCT				
MATERIAL				
Paper	926,800	23.17	23.26	(0.09)%
Other chargeable materials	218,400	5.46	5.54	(0.08)
Outside services	331,600	8.29	6.79	1.50
TOTAL MATERIAL	1,476,800	36.92	35.59	1.33
FACTORY PAYROLL	1,075,200	26.88	24.81	2.07
FACTORY EXPENSE	511,200	12.78	11.81	0.97
TOTAL FACTORY COST OF PRODUCT	3,063,200	76.58	72.21	4.37
GROSS PROFIT	936,800	23.42	27.79	(4.37)
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	404,400	10.11	8.92	1.19
Selling expenses	328,000	8.20	6.92	1.28
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	732,400	18.31	15.84	2.47
INCOME BEFORE INTEREST EXPENSE	204,400	5.11	11.95	(6.84)
Interest expense	79,600	1.99	1.35	0.64
OPERATING INCOME	124,800	3.12	10.60	(7.48)
Other income	28,000	0.70	1.30	(0.60)
INCOME BEFORE INCOME TAXES	$ 152,800	3.82%	11.90%	(8.08)%

Pick Your Category(ies) For Comparison

Within the Ratios, you may compare your "common size" statements or percentages with all firms in a particular category or with the target range of firms earning 8% or more before taxes (Profit Leaders). Keep in mind the common rule that in any comparative analysis there may be other relevant facts that may sway the balance. The Ratio Books suggest what these other relevant facts may be so you can refine your analysis. Your percentages may be compared to other similar companies in a number of different ways, as is illustrated below.

BY SALES VOLUME - Ratios and statistics are presented in six categories:

Sales to $250,000
$250,000 - $500,000
$500,000 - $1,500,000
$1,500,000 - $5,000,000
$5,000,000 - $10,000,000
Sales over $10,000,000*

* A separate PIA Ratio Book LARGE PRINTING FIRMS' RATIOS breaks down this sales category as follows:

$10-20 million
$20-40 million
$40-80 million
Sales over $80 million (if applicable)

BY PRODUCT SPECIALTY - Companies producing similar products usually confront similar problems. Companies with over 50% of their sales volume in key market areas are presented in the following categories:

Commercial and Advertising
Magazine and Periodical
Newspaper
Packaging
Financial
Direct Mail - Catalog
Directory
Label
Book
Typographers
Binders
Preparatory Specialists
Quick Printers

BY PROCESS - Comparisons of firms using the following predominant process provide significant information:

Sheetfed Offset
Web-Fed Offset - Heatset
Web-Fed Offset - Non Heatset
Combination Sheetfed and Web-Fed Offset

BY GEOGRAPHIC AREA - Significant comparisons can be made of companies in the same economic environment. The Ratio Studies break down geographic regions as:

New England and Upstate New York
Metropolitan New York and New Jersey
Eastern Pennsylvania, Maryland and D.C.
Southeast Atlantic
East North Central
South Central
Chicago Area
West North Central
Plains and Mountain States
Pacific Southwest
Pacific Northwest
Canada

Identify which of the aforementioned categories reflect your company's operations and compare your results with theirs. You will then be ready for the next and most important step in meaningfully using the ratios: ANALYSIS. Analysis will help you identify any problem areas in your company as well as point out profitable areas that you will probably want to maintain.

III. ANALYSIS

One reason for analyzing the financial picture of your printing business is to determine its overall position in the printing industry. However, that is not the only reason. Comparing your company with others in the industry enables you to determine which aspects of that position to maintain and which to improve in order to achieve your profit objective. Comparative financial analysis should be broad, so it is important to evaluate all of the ratios together, not individually. Moreover, your financial analysis should incorporate an examination of ratios over a period of time and include a comparison of results with trends in the printing industry.

Evaluate Ratios Collectively, Not Individually

While individual ratio results may reflect the health of one particular aspect of your printing company, looking at one ratio alone may not provide you with truly significant financial information. Each ratio should be viewed in light of other ratios and facts concerning your company. For example, increases in depreciation expense and interest expense percentages from the income statement may, at first glance, alarm the printing manager. An analysis of the balance sheet, however, may show that such alarm is unwarranted. Top management may have long range profit planning goals effected by plant expansion (increase in assets) funded through attractive debt-financing (increase in liabilities). A slow, outdated press may have been replaced by a new, more efficient one. Consequently, deeper analysis into the income statement may reveal that the company's income tax rate was lowered by investment tax credits and accelerated depreciation on the new press. Therefore, do not take one ratio out of context. Make your analysis broad enough to encompass all of your financial results.

Observe, Assess, Monitor

Observing your ratios on a continuing basis will produce a number of meaningful trends. Assessing the results may encourage the printing manager to take corrective action. Finally, monitoring ratios over a period of time helps see if the action taken was, in fact, appropriate.

Trend Analysis

As mentioned previously, examining printing industry ratios over a period of time can be useful in analyzing your firm's strengths and weaknesses. However, it is also possible that if one of your company's ratios is way "out of line", there may be nothing you can do to improve it. The whole printing industry may be experiencing a slump in that particular area. Furthermore, if it so happens that industry trends are showing improvement, any action on your part may be countereffective. For example, when paper costs soared nationwide, a hasty decision by the printing manager to lower inventories may have proven disastrous because shortly thereafter the supply of paper became scarce. Inadequate inventory would have disrupted production resulting in lost accounts, soaring operating expenses, and even more reduced profits.

Remember, historical trends provide clues and should be observed in lieu of other facts. Also, other factors may cause trends on an upward direction to reverse at anytime.

Assess The Printing Industry

Comparative financial relationships between your printing firm and the PIA standards provide crucial facts for sizing up your company's performance. Detailed information on effectively using the PIA Ratio Studies' results follow this section. This information is designed to furnish feedback to printing management so that management can investigate areas in most need of attention.

SECTION 2 - ANALYSIS OF THE RATIOS

Think back to the last time you were faced with this paradox: Sales are the same or even higher than they were last period, but profit is down. Clearly, this signals a grave concern. It means that something is wrong. In all probability, that something has to do with your company's Value Added, or inside sales. All too often, however, management is not familiar with the concept of Value Added and fails to recognize it as the root of the problem.

VALUE ADDED DEFINED

Value Added is a technical term for sales of a company's own manufacture. It is calculated as sales less materials costs and outside purchases.

SALES		$100
LESS: MATERIALS		
Paper	$22	
Other chargeable materials	6	
Outside services	7	35
VALUE ADDED		$ 65

VALUE ADDED MAXIMIZES PROFIT

By neglecting Value Added, printing firms pass over a valuable accounting procedure for maximizing profits. Of course, there can be reasons other than inattention to Value Added for a company's poor operating performance. However, time and time again, poor operating performance stems from failure to heed this one basic principle of accounting: Profit is achieved from sales of a company's own manufacture.

UNDERSTANDING VALUE ADDED

Once you understand that Value Added is the residual of sales less material costs, you realize that this value provided by your own manufacture is all you have available to pay your remaining expenses. These are:

- Factory labor
- Factory expenses
- Administrative expenses
- Selling expenses
- Interest

Then, what is left is a profit. This is different from the basic "cost sheet concept" that we are accustomed to in the printing industry. Since, generally, within a relevant range of operations, these expenses behave as fixed costs, the "overhead" represented by these expenses will remain practically constant. Therefore, you want to maximize your value added.

Let us illustrate this with the following example, in which we are increasing the Value Added derived from $1,000,000 of sales from $635,600 to $675,000 to see the effect on operating income. We will assume that "overhead" (factory labor, other factory, administrative, selling and interest expenses) will remain the same.

The assumption that these expenses will not increase is being taken with some license; actually they would increase, but very little. We are taking this liberty to prove the point that, within this relevant range, these expenses behave in a fixed manner. Furthermore, full-service printing is a highly fixed cost operation. This helps to understand the effect of Value Added on printing profits.

	Original	After Increase in Value Added
SALES	$1,000,000	
Material Costs	364,400	
VALUE ADDED	635,600	$675,000
"Overhead"	591,000	591,000
Operating Income	$ 44,600	$ 84,000

THE BETTER STATEMENT

Statements of operations are more meaningful when prepared on the basis of Value Added, as shown below. In this type of presentation management starts its financial analysis with Value Added instead of with sales volume. Too often, printers tend to look to sales as the sole criterion of profit when, in fact, Value Added is always the better indicator. For example, consider these two possible results of a printing operation for a given month:

	Result A	Result B
SALES	$125,000	$ 90,000
MATERIALS	60,000	15,000
VALUE ADDED	$ 65,000	$ 75,000

This example shows that sales of $125,000 per month that produce $65,000 of Value Added are not as good as sales of $90,000 that provide $75,000 of Value Added. The latter yields $10,000 more with which to cover overhead. Clearly, the sales figures in the statement are misleading and the Value Added figures provide a truer picture of the company's activity.

By eliminating the distortion that material costs introduce into the conventional operating statement, Value Added gives you a truer picture of your operations.

For example, if we were comparing the statement of operations of a short-run sheetfed company with that of a web-offset firm, and our comparison was related to percentages based on sales, we could have significant differences in ratios. The reason: the significant differences in material costs. It would appear that the web-offset operation had a lower factory labor cost because a substantial amount of the sale was materials. But, in truth, the factory labor cost could be more or less than in its counterpart sheetfed operation as it relates to the Value Added produced by this labor.

Almost every company's product mix is different and, by using statements of operations based on Value Added, this product mix difference is eliminated. In conclusion, the Statement of Operations -- Value Added is a better statement with which to evaluate your operations.

MEANINGFUL MARK-UPS FOR COST

Understanding the Value Added concept permits focusing on the mark-up of materials for recovery of its share of overhead. It is essential that materials be priced at their cost plus their proper share of the allocated overhead. As Value Added is so important, it is imperative that the overhead recovered by materials be correct. The trite 5, 10 or 15% mark-up of materials (so-called handling charges) may or may not be correct. You should determine as a cost-center cost the correct overhead rate to be charged to materials. This is just as important as the correct press hourly rate.

Once this is done, you are looking at a cost sheet that contains materials with their share of overhead and cost-center costs. And now, you must apply the concept to profit mark-up. This will differ as the relationship of materials and manufacturing changes.

PROFIT MARK-UPS -- VALUE ADDED CONCEPT

Profit markups should take into account the Value Added concept; the higher the proportion of materials in a job, the higher should be the profit markup.

A sound profit markup policy is one which achieves and complements the business objectives of your firm. The point here is that printing firms should always seek to maximize their Value Added by attracting jobs with a high Value Added and by converting low Value Added jobs to higher ones. A general rule here is that the higher the Value Added, the more desirable the job and the lower the profit markup. Conversely, jobs with a small Value Added are less desirable and should receive a higher profit markup.

There is no neat mathematical formula to distinguish desirable jobs from less desirable ones. What is presented here is an overall philosophy which you can, with minimum effort, integrate into your own pricing procedures. For example, let's look at two jobs: one is a "good" job; the other is a "better" job.

GOOD JOB

Materials	$ 8,000
Cost center costs	2,000
TOTAL	$10,000

Before profit markup, the Value Added of this job is only $2,000. Now, price this job and include a profit.

Similarly, let's consider a better job:

BETTER JOB

Materials	$ 2,000
Cost center costs	8,000
TOTAL	$10,000

This second job has a Value Added of $8,000 before profit markup. Now, price this job with a profit markup.

If you followed the philosophy presented earlier, your prices should have included a higher profit markup for materials and cost centers in the good job and a lower profit markup in the better job. Why? Because the better job contributes more to overhead.

VALUE ADDED AND SALES COMPENSATION

One of the jobs of a good printing manager is to motivate the salesforce to improve its performance. However, while it is generally acknowledged that salespeople compensated on a commission basis are more effective than salaried salespeople, little attention is paid to the kinds of jobs that they bring in. Commissions are based on total sales dollars regardless of the Value Added component of the sale.

The inequities of this system quickly become apparent when sales compensation is examined in light of the Value Added concept. For example, what is there in such a system to motivate the salesforce to bring in "better", high Value Added jobs? Nothing. Where is the reward for the salesperson who does bring in the "better" sales? No where.

Sales commissions should be a percentage of Value Added. Basing sales compensation on Value Added is not an untried concept. Quite conversely, it is becoming an increasingly popular policy among printing firms and has already been adopted by some of the most successful firms in the industry. In this system, the percentage of Value Added in a job is equivalent to the commission a salesperson would receive on an average sale that involves an average amount of materials. Although at first glance it would appear that your salespeople's earnings would be reduced if their commissions were based on fewer Value Added dollars, this is not the case. In fact, compensation for those salespeople who previously were selling high Value Added jobs -- those with a significant amount of inside manufacture -- would increase. Commissions would only be reduced for those individuals selling large amounts of paper and other outside services.

The motivational factor that is built into this system is, of course, higher commissions for salespeople who bring in higher Value Added jobs. The justification is that it is these jobs that pay overhead and produce a profit, and therefore, contribute most to management's objectives.

HOW WELL AM I DOING? - ANALYSIS OF THE REPORT ON OPERATIONS

WHAT THE REPORT ON OPERATIONS OFFERS MANAGEMENT

Every manager has to pause occasionally, step back, and ask himself, "How well am I doing?" In order to answer this question, he needs information about his organization. The operating statement is an excellent source for such information. Financial statements, in general, are essentially historical documents. They tell what has happened during a particular year or series of years. The most valuable information to most managers concerns what probably will happen in the future; and by comparing, evaluating and analyzing the historical operating statement, the manager has more than just a crystal ball with which to try to predict the coming year.

The effective manager uses the operating statement as an important tool in the decision-making process. Once historical data is accumulated and analyzed, the manager can formulate and plan for the future, set objectives and attempt to control the outcome or those plans.

PIA Ratios are especially helpful in deciphering operating results. By comparing his company with other companies in the industry, the printer can more easily pinpoint problem areas. Since the Ratios are percentages, a more precise comparison can be made with other plants regardless of variations in dollar amounts. Even closer evaluations can be made by printers if they obtain special volumes i.e.; By Process, Sheetfed, Web-fed, Large Printers, etc.; or By Geographic Area or Product Line. The discussion in this Guide, however, will deal with the book, Sales by Sales Volume -- All Printers.

A WORD ABOUT RATIOS IN GENERAL

Ratios should be viewed as a starting point. By comparing a printing company with the PIA Ratio results, a printing manager can gain insight into trends and make intelligent judgments as to their significance. Variances in PIA Ratios and one's company indicate what costs and expenses should be examined in greater depth.

At the same time, one should keep in mind the peculiarities of his business, technological changes and economic factors which affect the results shown on the operating statements.

Perhaps, the best way to approach the analysis of the operating statement ratios is to make the comparison between the PIA Ratios and your company; then when variances occur between the objective and the achieved, ask the following questions:

- Why did the costs differ?
- Was the difference adverse or favorable?
- Who was responsible for the difference?
- What can be done about it?

SAMPLE ANALYSIS OF THE OPERATING STATEMENT

The report on operations for All Printers is set up by sales range as follows:

All Firms Reporting
Sales to $250,000
Sales from $250,000 to $500,000
Sales from $500,000 to $1,500,000
Sales from $1,500,000 to $5,000,000
Sales from $5,000,000 to $10,000,000
Sales Over $10,000,000.

For each sales range, ratios are provided for all firms participating in that range. Ratios are also provided for "Profit Leaders" or those firms achieving 8% or more profit on sales. This column -- Profit Leaders -- should be our objective and our comparison will be directed toward the Profit Leaders.

The separate line items on the Report on Operations will be defined as each one is discussed.

On page 32 is the sample PIA Ratio - Report on Operations and Supporting Schedules along with a fictional company "Printemps". The PIA Ratios used in our sample are for discussion purposes only and do not reflect this year's results. In doing your comparison, please refer to this year's PIA Ratio Study, All Printers by Sales Volume.

Printemps, our example company, is a medium-size sheetfed offset printer. Its sales are $2,700,000 for the current year. From the sample Ratio Study, we have abstracted the columns for the sales range $1,500,000 to $5,000,000 for our comparison. Our next step was to list the dollar amounts from Printemp's operating statement to coincide with the PIA chart of accounts. We were then ready to convert the Printemps dollar figures to percentages of sales so that we can compare, side by side, Printemps operating results with the Ratio Study results.

Each company should go through the exercise of comparing its percentages item-by-item with the Ratio Study results.

In our analysis, we will begin by defining what costs should be included in various line items on the operating statement. We will then compare our sample, Printemps, with the study results, and discuss any differences. Finally, we will attempt to pinpoint what could have caused the variance and suggest how the area could be improved in the future.

SAMPLE COMPARISON

Sales Or Value Of Product Produced

The starting point on the Report on Operations is sales. Sales are, of course, the value you place on your product. All the thrift-saving ideas about costs are insignificant if the printer does not price his product intelligently. You should know your costs. Printing is a made-to-order product. Every job is different and uses different facilities in your plant for various periods of time. In order to price your finished job, you must have a good system for gathering these costs and formulating a sales price that is competitive and profitable. Printemps' sales are $2,700,000. Further analysis will help evaluate how well the firm is pricing its product.

Manufacturing Costs - Material

Paper - For a printer, paper usually represents the largest single item of cost on the job. Printemps Ratios compare as follows:

PIA Profit Leaders	Printemps	Variance
21.95%	25.93%	(3.98%)

The variance is unfavorable and Printemps is using much more paper than PIA Profit Leaders. Some of the reasons this could occur are:

1. Purchasing policies at Printemps may need improvement.
2. Waste and spoilage may not be controlled properly. It is extremely important that paper be handled properly in all phases -- shipment, storage, pressroom, bindery, etc.
3. The type of paper used could also have an effect on paper costs as could product mix.

The effective manager will investigate these areas to find out where the problem or problems are occuring. Once this is done, corrective action can be taken to improve the situation.

Other Chargeable Materials

This line item on the operating statement has a supporting schedule (page 33) and includes the following:

	PIA Profit Leaders	Printemps	Variance
Ink	1.26%	1.39%	(0.13)%
Film	1.18	3.84	(2.66)
Plates	1.14	1.99	(0.85)
Other Chargeable Materials	1.19	0.09	1.10
	4.77%	7.31%	(2.54)%

Once again, our variance is unfavorable. Printemps may have a general problem with inventory control which could also affect the paper variance. If there is a perpetual system of inventory, is it working? Is there enough inventory on hand to prevent costs associated with rush orders? Another question could be whether or not the purchasing department is operating efficiently. Are prices compared periodically? Still another area for inspection would be the efficiency or inefficiency in handling materials. Are materials disappearing?

Especially high is Printemps variance from the PIA standard in film of 2.66%. Management explains this variance. Printemps has invested in a new scanner and is doing all of its own separations as well as some work for other area printers. This accounts for the Other Income which we will discuss later. Printemps also does predominantly high-quality color work which also accounts for the variance in film usage.

It may be good here to bring up the point that the ratios cannot be interpreted on an isolated basis. You must keep in mind your business and how it operates as you go through your evaluation.

Outside Services

Outside Services are those costs associated with work done on the outside for the printer. The chapter in this guide on Value Added gives a good explanation as to why it is beneficial for the printer to keep as much manufacturing in-house as possible. Printemps obviously sends a lot of its work out and could probably benefit from investigating the possibility of obtaining the necessary additional means to perform some of these manufacturing steps itself. Our Ratios compare as follows:

	PIA Profit Leaders	Printemps	Variance
Composition	0.91%	1.89%	(0.98)%
Offset Preparation	1.98	1.44	0.54
Printing	1.89	1.85	0.04
Binding	2.46	1.11	1.35
Other Outside Services	1.20	2.94	(1.74)
	8.44%	9.23%	(0.79)%

While Printemps fares well in Offset Preparation and Binding (since it does most of its own separations and binding), it still needs help with typesetting, an area which pulls its Composition costs way up. In order to improve production and costs, Printemps has already begun negotiating to purchase part of a local typesetting company. Such a move will certainly improve its Value Added position and should increase profits. Other Outside Services is an area which Printemps' managers should investigate. An analysis of where these costs are coming from may be beneficial in controlling costs and keeping the work in-house whenever possible.

Factory Payroll

Labor costs in graphic arts have been and continue to be a large percentage of sales. This is one area that can have drastic results on the bottom line of your operating statement. Even though you may feel trapped into accepting high labor costs, there are ways to make sure that you are getting as much benefit from the costs as possible. Let's take a look at Printemps' payroll section:

	PIA Profit Leaders	Printemps	Variance
Salaries-Executive	1.82%	2.78%	(0.96)%
Direct Wages	15.90	19.63	(3.73)
General Factory Wages and Salaries	2.56	0.89	1.67
Packing, Shipping and Delivery	0.83	-	0.83
Payroll Taxes	1.24	1.93	(0.69)
Employee Benefits	1.50	1.46	0.04
	23.85%	26.69%	(2.84)%

Allocation of factory wages between direct wages and general factory salaries is always difficult. When you prepare your numbers just remember that Direct Wages are earned by employees engaged in production and General Factory Salaries are for work not directly related to chargeable jobs. It may be more meaningful to analyze all factory wages combined to get the overall effect of how you compare with profit leaders in the industry.

Printemps spends 2.84% more for factory payroll than the PIA Profit Leaders. Going down the schedule, we see executive salaries are high; but we know Printemps is not a large company and the factory executive may well be one of the principals in the business.

Printemps major variance occurs in Direct Wages. It may be wise for the manager to sit down and review the following labor checklist for possible causes:

1. Do you know how to cost your labor contract? Have you anticipated costs involved and bargained intelligently?
2. Do you have a good system for gathering job costs so that jobs can be priced realistically?
3. Do you have an excessive amount of overtime and do you know at what point overtime is and is not profitable?
4. Do you schedule vacations for slack periods?
5. Do you try to avoid idle time? Do employees wait around because of:
   - poor instruction
   - no material
   - no power
   - no repairman
6. Are production operations delayed while you make decisions or, even worse, is one job removed from a press to get a "rush" job through causing extra make-ready time?
7. Do sales and manufacturing departments work together to determine which of the jobs to be completed has economical priority?

Because labor is so expensive, management has to watch it closely, and control costs tightly. Printemps is trying to do this by putting one of the owners of the business on the production floor. This will help keep the lines of comunication open between management and factory and should promote efficient operation of the plant.

Factory Expenses

On our Chart of Accounts, Factory Expenses are classified as Fixed and Other. Fixed Expenses remain relatively constant regardless of the level of productivity. Printemps total fixed expenses compare as follows:

	PIA Profit Leaders	Printemps	Variance
Total Fixed Expenses	6.49%	7.72%	(1.23)%

The largest variance in this classification occurs in:

Depreciation-Other	1.24% unfavorable
Insurance	1.41% unfavorable
Utilities	0.37% unfavorable

We know that Printemps recently purchased the scanner and this caused depreciation expense to increase. Insurance, however, is an area for investigation. Management should review its insurance coverage and determine if it is getting the best price available.

Printemps should also be concerned about its utility cost, and perhaps review its energy-saving plans. Are machines shut down when not in use? Is the plant heating system outdated and inefficient?

Other Factory Expenses are expenses which vary with the level of production. Control of these expenses is important to overall profit. Our sample company again needs improvement:

	PIA Profit Leaders	Printemps	Variance
Factory Supplies & Expense	1.68%	2.96%	(1.28)%
Packing, Shipping & Delivery	1.13	1.30	(0.17)
Repairs and Maintenance	1.12	1.85	(0.73)
Other Factory Expenses	0.62	0.38	0.24
	4.55%	6.49%	(1.94)%

Factory Supplies and Expense should be examined. Are supplies controlled and purchased effectively? The variance of 1.28% merits inspection. Repairs and Maintenance also is unfavorably over Profit Leaders by 0.73%. Perhaps, Printemps should review its preventative maintenance policies to see whether machines are breaking down due to neglect or age.

Gross Profit

We have now come to the Gross Profit line in our Report on Operations. This is a good time to stop in your analysis and look back at your manufacturing performance and results. Printemps gross profit percentage is 16.63% compared to the PIA Ratio Profit Leaders of 29.95%. In our analysis so far we have discussed where the significant variances appear to be and possible solutions for improving problem areas. Many times the most controllable costs are above the gross profit line; and if your firm is consistently below the industry leaders in the gross profit percentage, you must examine the problem areas closely and be prepared to tighten your belt. Our gross profit has to be high enough to cover administrative and selling expenses and the enormous interest expense many of us are paying today.

Administrative Expenses

Printemps has a small administrative staff. There is the president, who is the administrative executive; a bookkeeper; and a receptionist/secretary. The president keeps control of administrative costs and has favorably exceeded Profit Leaders in this area.

	PIA Profit Leaders	Printemps	Variance
Total Administrative Costs	9.66%	7.64%	2.02%

General areas for control in the Administrative section, among other things, are office supplies and expenses, postage, and telephone expense. These items can be watched for effective purchasing and usage.

Bad debts are another area where management can improve results by formulating good sound credit and collection policies and seeing that those policies are followed.

The greater portion of administrative costs is likely to be insensitive to fluctuation in either production or sales and hence uncontrollable in relation to volume. The manager should try to determine if the overall cost of administrative expense can be justified in terms of efficient operations.

Selling Expenses

Printemps Selling Expenses are also low compared to the PIA Profit Leaders.

	PIA Profit Leaders	Printemps	Variance
Total Selling Expenses	7.66%	6.00%	1.66%

This variance may not be as favorable as it appears. It may indicate that Printemps is not spending enough time and money to market its products and increase sales. There is one selling executive and one salesman. Obviously, the president of the company does some marketing, and while travel and entertainment is actually higher than the Profit Leaders by 0.14% (let the business pay for it syndrome) it is doubtful that Printemps is being as aggressive as it should in its selling efforts.

Interest Expense And Other Income

Printemps compares with the PIA Profit Leaders in this classification as follows:

	PIA Profit Leaders	Printemps	Variance
Interest Expense	1.22%	3.33%	(2.11)%
Other Income	1.06	1.30	0.24

Interest Expense is high for Printemps. Besides rather large long-term notes used to finance equipment, the company has been forced to seek short-term working capital demand notes at high interest rates. It would be wise for it to try to improve its cash flow so that these short-term notes could be kept to a minimum. Proper planning, efficient billing practices and collection procedures may help the flow of cash.

Other Income from separation work discussed earlier helps Printemps Income Before Income Taxes look better. For printers who do not have cash flow problems, it is wise to make sure that idle funds are effectively invested so that interest income can be realized.

The Bottom Line

This brief example has barely scratched the surface in the analysis of individual company operating results with the PIA Ratio Study. As variances are examined, it will be helpful to refer to other parts of the study. For example, in an analysis of Direct Wages, reference to Significant Facts tables will give the average wages in a particular sales range per employee.

Examination and analysis of the Balance Sheet and Return on Investment sections should also be integrated with the Operating Statement analysis in order to get the whole picture.

Once you have gone through the exercise of comparing your results with the industry standards for the current year and have isolated the differences from the historical data, it is time for you to plan and set objectives for the future. Proper understanding of the Ratio Study and diligent commitment on your part should result in improved operations. You already know how well you have done in the past year. The next question to tackle is, "How can I do better next year?"

REPORT ON OPERATIONS - SALES = 100%

	SALES FROM $1,500,000-$5,000,000			
	ALL FIRMS	PROFIT LEADERS	PRINTEMPS	
	%	%	$	%
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	$2,700,000	100.00%
FACTORY COST OF PRODUCT				
MATERIAL				
Paper	22.97	21.95	700,000	25.93
Other chargeable materials	5.39	4.77	197,500	7.31
Outside services	8.52	8.44	249,300	9.23
TOTAL MATERIAL	36.88	35.16	1,146,800	42.47
FACTORY PAYROLL	27.00	23.85	720,600	26.69
FACTORY EXPENSES	11.78	11.04	383,500	14.21
TOTAL FACTORY COST OF PRODUCT	75.66	70.05	2,250,900	83.37
GROSS PROFIT	24.34	29.95	449,100	16.63
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	9.66	9.66	206,300	7.64
Selling expenses	8.62	7.66	162,000	6.00
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	18.28	17.32	368,300	13.64
INCOME BEFORE INTEREST EXPENSE	6.06	12.63	80,800	2.99
Interest expense	2.15	1.22	90,000	3.33
OPERATING INCOME (LOSS)	3.91	11.41	(9,200)	(0.34)
Other income	0.76	1.06	35,000	1.30
INCOME BEFORE INCOME TAXES	4.67%	12.47%	$ 25,800	0.96%

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS %	PROFIT LEADERS %	PRINTEMPS $	PRINTEMPS %
OTHER CHARGEABLE MATERIALS				
Ink	1.47%	1.26%	$ 37,600	1.39%
Film	1.27	1.18	103,700	3.84
Plates	1.33	1.14	53,700	1.99
Other chargeable materials	1.32	1.19	2,500	0.09
TOTAL OTHER CHARGEABLE MATERIALS	5.39%	4.77%	$197,500	7.31%
OUTSIDE SERVICES				
Composition	1.04%	0.91%	$ 51,000	1.89%
Offset preparation	1.65	1.98	39,000	1.44
Printing	1.72	1.89	50,000	1.85
Binding	2.24	2.46	30,000	1.11
Other outside services	1.87	1.20	79,300	2.94
TOTAL OUTSIDE SERVICES	8.52%	8.44%	$249,300	9.23%
FACTORY PAYROLL				
Salaries - executive	1.81%	1.82%	$ 75,000	2.78%
Direct wages	17.96	15.90	530,000	19.63
General factory salaries and wages	2.86	2.56	24,000	0.89
Packing, shipping and delivery wages	0.92	0.83	-	-
Payroll taxes	1.58	1.24	52,000	1.93
Employee benefits	1.87	1.50	39,600	1.46
TOTAL FACTORY PAYROLL	27.00%	23.85%	$720,600	26.69%
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.23%	0.21%	$ 10,000	0.36%
Depreciation - other	2.79	2.76	108,000	4.00
Taxes - real estate	0.19	0.17	5,000	0.19
Taxes - other	0.17	0.13	-	-
Insurance	0.49	0.48	51,000	1.89
Building rent	1.26	1.42	-	-
Utilities - heat, light, etc.	1.01	0.82	32,000	1.19
Equipment rental	0.56	0.50	2,500	0.09
Total Fixed Expenses	6.70	6.49	208,500	7.72
Other Expenses				
Factory supplies and expense	2.12	1.68	80,000	2.96
Packing, shipping and delivery expense	1.00	1.13	35,000	1.30
Repairs and maintenance	1.25	1.12	50,000	1.85
Other factory expenses	0.71	0.62	10,000	0.38
Total Other Expenses	5.08	4.55	175,000	6.49
TOTAL FACTORY EXPENSES	11.78%	11.04%	$383,500	14.21%

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS	PROFIT LEADERS	PRINTEMPS	
	%	%	$	%
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.81%	2.98%	$ 80,000	2.96%
Salaries - office	2.51	2.53	40,000	1.48
Payroll taxes	0.32	0.30	7,000	0.26
Employee benefits	0.57	0.59	18,000	0.67
Bad debts	0.36	0.28	5,000	0.19
Office supplies and expenses	0.50	0.49	3,000	0.11
Professional fees	0.56	0.54	8,000	0.30
Taxes - business	0.19	0.23	300	0.01
Telephone	0.45	0.42	10,000	0.36
Other administrative expenses	1.39	1.30	35,000	1.30
TOTAL ADMINISTRATIVE EXPENSES	9.66%	9.66%	$206,300	7.64%
SELLING EXPENSES				
Salaries - executive	1.23%	1.17%	$ 50,000	1.85%
Salaries and commissions - salesmen	4.23	3.81	60,000	2.22
Salaries - sales office clerical	0.60	0.44	10,000	0.37
Payroll taxes	0.29	0.24	8,000	0.30
Employee benefits	0.31	0.29	6,000	0.22
Advertising	0.38	0.39	500	0.02
Travel and entertainment	0.93	0.79	25,000	0.93
Other selling expenses	0.65	0.53	2,500	0.09
TOTAL SELLING EXPENSES	8.62%	7.66%	$162,000	6.00%

THE BALANCE SHEET -- HOW WE STAND

The balance sheet (statement of financial position) exposes the financial backbone of a printing company. It is a snapshot of the printer's assets, liabilities and owners' equity at a particular point in time. The statement is called a balance sheet because its two sides must balance. Mathematically, the balance sheet equation is as follows:

Assets = Liabilities + Owners' Equity
OR
Assets - Liabilities = Owners' Equity

A printing company's assets are everything the company owns. Liabilities are everything the company owes. Owners' equity is the excess of assets over liabilities. It is the financial interest of the proprietor, partners or shareholder(s) -- whoever owns the company. Another term for proprietors', partners', or shareholders' equity is "net worth", a term not as widely used today as in the past.

A good printing manager must have an understanding of the components of a balance sheet and their relationship to company operations. An intelligent evaluation of the make-up of the balance sheet and its ratios reveals many factors about a company's operational capability.

Remember that particular ratios and relationships may differ depending on predominant processes used or products produced by the printer. For example, it is likely that a web-offset printer would have more capital-intensive assets and, correspondingly, more liabilities or equity to support those assets than a sheetfed printer because of the apparent economics of cost not available to the latter. By following the general analysis below, all printing managers should be able to customize and compare their own firm's results. We will focus on the balance sheet of the imaginary company, Printemps, as compared to the sample PIA ratio balance sheet on page 46.

ASSETS - THE PRINTER'S INVESTMENT

How many dollars in assets should we invest to produce X dollars in profit? This is not an easy question to solve. Our profitability measure of Return on Investment has been defined as income divided by assets. (This guide evaluates many facets of Return on Investment in a later section.) The mathematical equation of ROI is Income divided by Assets. To increase ROI, two options are available--either increase income or reduce assets.

$$ROI = \frac{Income}{Assets}$$

To Increase ROI: (1) Increase income
(2) Decrease assets

In this analysis of the balance sheet, we will concentrate on reducing assets or, more importantly, making sure our assets are being managed properly and efficiently to produce income.

Because printing is a highly capital-intensive industry, many types of assets are utilized. They are normally segregated into Current Assets, Fixed Assets, and Other Assets.

Current Assets	$XXX
Fixed Assets	XXX
Other Assets	XXX
Total Assets	$XXX

We will examine each type of asset as it relates to printing.

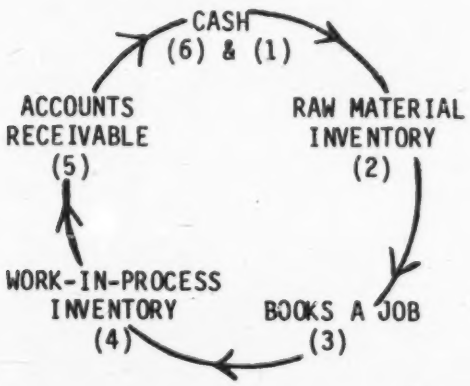
CURRENT ASSETS - THE PRINTER'S LIQUIDITY

Traditionally, current assets are listed on the balance sheet in the order of liquidity. They are often referred to as a company's liquid assets; i.e., assets that can be converted to cash quickly, usually within a period of a year. A printer uses these assets to pay his trade accounts payable or other liabilities due within a period of a year and, hopefully, has some left over at the end of the period.

Current assets follow a circular process during the year. They are used up and replaced on a continuous basis. For the average printer, this process will take place many times a year.

To analyze the printer's trading cycle, consider the following:

(1) A company starts with cash;
(2) next, it purchases raw materials -- paper, ink, film, etc.;
(3) then it books an order and;
(4) puts costs and materials into work-in-process.
(5) When the job is completed and shipped, the work-in-process inventory becomes an account receivable.
(6) Finally, the account receivable is converted back into cash and the cycle starts anew.



THE CLUE HERE IS TO HASTEN THE TRADING CYCLE FOR MORE PROFITS.

THE KEY IS TO MINIMIZE THE TIME INVOLVED IN THE CYCLE -- THE MORE CYCLES PER YEAR, THE MORE PROFIT GENERATED.

TURNOVER

Turnover is the time it takes to complete the trading cycle. Optimizing your turnover is in keeping with sound accounting principles, but appears to be in conflict with some printers' practices. Too often production, estimating, and sales personnel seek extra time to do a job--even though the faster the job is done, the better the turnover position. If management is to improve its profits, it must insist that the trading cycle be completed as quickly as possible.

Two ratios are critical in analyzing the movement or rapidity of the cycle. They are the inventory turnover and the collection period of receivables. It is imperative that printers understand how these two ratios operate and try diligently to improve them. Time after time, printing companies that have been sliding down the profit line have climbed back to a healthy position by improving their turnover. One printing company, for example, had been forced into heavy debt several years ago. In analyzing its operations, it was discovered that the collection period of receivables was approximately 48 days. After management installed tighter credit policies and monitored collection procedures more closely, it took only a short period of time to reduce the collection period to 36 days and eliminate a major portion of the debt.

Let us now analyze each current asset, generally, and then more specifically to see how Printemps' ratios compare to the industry as a whole.

CASH

The amount of cash a company should have on hand varies according to several factors. Having either too much or too little may both be problems, depending on the situation at hand. A profitable company will generate a surplus of cash after paying expenses. Conversely, a company in a loss situation will be pushed into using its cash to cover expenses. Similarly, a company in its growth stage will need more cash for investments and debt commitments and for building up sufficient inventories than will an established printing company. Historically, profit leaders generally maintain 11 percent of their total assets in cash. Your company may need more or less.

CASH CONTROL

Cash control is most important to a printer since almost every transaction will eventually result in either receiving or disbursing cash. Because cash is easily concealed and very liquid, it is more susceptible to theft or misappropriation than any other asset. It is incumbent on management, therefore, to maintain adequate control and accountability of its cash. Primarily, the printing manager must insure that the following procedures are being carried out:

1. Cash is recorded and deposited promptly after receipt.
2. All cash disbursements are made by check. (It is common for printers to have a petty cash fund for small expenditures that would be impractical to make by check. Just make sure the expenditures are small.)
3. Persons dealing with cash should have segregated duties. For example, the invoice preparer should not make bank deposits and the person writing checks should not reconcile the bank statements.

At first glance, when examining Printemps cash ratio, it may look as if the company has a cash deficiency because it has 5.60 percent less cash than the Profit Leaders. Yet, further analysis reveals that if both cash and receivables are totaled, the difference between Printemps and the Profit Leaders is only 1.00 percent. However, Printemps' cash as a percent of total assets may indicate a low receivable turnover and an inability to retain cash.

PERCENT OF TOTAL ASSETS

	Printemps	Profit Leaders	Difference
Cash	7.46%	13.06%	(5.60)%
Accounts Receivable	32.95	28.35	4.60
Total	40.41%	41.41%	1.00%

ACCOUNTS RECEIVABLE

Reason for concern may focus on the accounts receivable percentages. Remember, the balance sheet shows a company's financial picture at a particular point in time. Year after year, the PIA Ratios have shown that all firms, like Printemps, have a consistently higher ratio of receivables to total assets on their balance sheets than do Profit Leaders. A positive observation may be that the higher the sales, the larger the receivable balance. If sales were, in fact, increasing, there would be no cause for alarm, but, usually that is not the case. High receivable balances may not be bad, but should be investigated.

HOW FAST CASH IS COLLECTED

Let's delve further into accounts receivable ratios. The collection period of accounts receivable is an activity ratio indicating how effectively the company is collecting cash from its customers after sales are made. The sooner the printer collects the cash due, the sooner the money can be put to use -- to invest in more assets, to pay off liabilities, or to earn interest. As the collection period increases or decreases, it affects a company's cash, receivables, inventory, payables, and interest; generally it affects the whole company's operations.

The collection period is computed by dividing the average accounts receivable by the annual sales figure and then multiplying the result by 365 as follows:

$$\text{COLLECTION PERIOD OF RECEIVABLES} = \frac{\text{AVERAGE ACCOUNTS RECEIVABLE}}{\text{ANNUAL SALES}} \times 365$$

This ratio is indicative of credit and collection policies. Most printing firms have about one-sixth of their annual sales in accounts receivable. For example, if sales were $2,500,000, a typical firm would have $400,000 in accounts receivable. Reducing the collection period reduces the portion of assets in receivables and related interest costs.

PRINTEMPS COLLECTION PERIOD OF RECEIVABLES..... 66.82 days

PROFIT LEADERS..... 55.60 days

Printemps seemingly has bad collection procedures compared to the printing industry. A collection period of 66.82 days is much too long. All printers, including Profit Leaders, should heed a bit of advice taking all possible measures to shorten their collection periods to approximately 35 to 40 days. Some ways to do this are:

1. BILL CUSTOMERS DAILY, not at the end of the month, as many printers do.
2. Offer effective incentives for customers to pay on time.
3. Seek good, credit-worthy customers.

Usually, a small percentage of a company's accounts receivable will not be paid, thus becoming a bad debt. To show a better picture of receivables that will actually be collected, accounts receivable are shown on the balance sheet after an estimate of losses is deducted.

AVERAGE RECEIVABLES

The collection period ratio of receivables takes into consideration credit sales, but in printing, credit sales are almost synonymous with sales. Very rarely do printers (with the exception of the quick printer) have cash sales. "Average receivables" is the sum of beginning of the year receivables and end of the year accounts receivable balances divided by two:

$$\frac{\text{BEGINNING ACCOUNTS RECEIVABLE} + \text{ENDING ACCOUNTS RECEIVABLE}}{2}$$

A better average may be derived from using the beginning of the year balance plus the end of each month's balance divided by thirteen. The better the average, the more accurate the collection period computation.

INVENTORY

The printer's inventory is the sum of work-in-process, paper and other chargeable materials, and supplies. Because the majority of a printer's sales are specialized jobs produced "to order", finished goods inventory may be small or non-existent.

While inventory may at first glance appear simple and straightforward, inventory valuation methods vary among printers. The amount of a firm's inventory changes depending on the method used (FIFO, LIFO, etc). Management must decide which practice is best for them.

Printemps' inventory represents 13.08 percent of total assets, or 1.72 percent more than the Profit Leaders' inventory. Printemps may or may not be carrying excessive inventory in stock, but should either keep a perpetual inventory system or take a physical inventory monthly to properly control and safeguard its inventory. Printemps' manager should make sure there are sufficient funds with which to pay current liabilities and that too much cash is not tied up in inventory.

Earlier, it was mentioned that inventory turnover is a critical ratio in hastening the printer's trading cycle and, thereby, increasing profits. The equation is:

$$\frac{\text{COST OF MATERIALS SOLD}}{\text{AVERAGE INVENTORY}} = \text{INVENTORY TURNOVER}$$

Printemps	Profit Leaders
4.57	4.75

The cost of materials sold is taken from the income statement. Specifically, this includes paper and other chargeable material costs. Outside services, such as binding, are not included because they have no effect on inventory.

Some financial analysts will use sales rather than cost of materials in computing turnover. Since printers value inventories at cost, cost of materials sold gives a more accurate figure in calculating the ratio. Using the yearly average inventory is particularly important for printers because of the significant volume changes during the year.

A low inventory turnover indicates the possibility of a larger than necessary investment in inventory. A higher turnover implies better management and control. Printemps appears to be managing its inventory well.

If your inventory turnover seems out of line with PIA standards, examine your turnover by analyzing each facet of your inventory in depth.

WORK-IN-PROCESS TURNOVER

Work-in-process offers the greatest opportunity to improve inventory turnover. The faster a job is shipped out of the plant, the greater the profit potential and the more beneficial the effect on the company's capital position. The two results are as follows:

1. Less time is spent on a job.
2. Less cash is tied up in inventory.

The formula for the work-in-process turnover is:

$$\text{WORK-IN-PROCESS TURNOVER} = \frac{\text{COST OF PRODUCT PRODUCED (MATERIALS, LABOR, OVERHEAD)}}{\text{AVERAGE WORK-IN-PROCESS INVENTORY}}$$

Some printers have a fast turn-around from the time an order is put into production to its finished state. These firms will have less work-in-process. Other printers have a much longer production cycle because of the nature of their work and will have a significantly higher work-in-process inventory.

PAPER AND OTHER CHARGEABLE MATERIALS INVENTORY

Chargeable materials represent a substantial part of inventory. Printers are now required to carry more paper inventory than in the past. Inventory turnover improves when inventory levels are optimized and the storage time of materials (primarily paper) prior to production is reduced.

$$\frac{\text{PAPER USED}}{\text{AVERAGE PAPER INVENTORY}} = \text{PAPER INVENTORY TURNOVER}$$

$$\frac{\text{OTHER CHARGEABLE MATERIALS USED}}{\text{AVERAGE OTHER CHARGEABLE MATERIALS INVENTORY}} = \text{OTHER CHARGEABLE MATERIALS INVENTORY TURNOVER}$$

OTHER CURRENT ASSETS

Because the percentages are usually small, other current assets generally do not play a significant role in ratio analyses. Other current assets usually include various prepaid expense accounts; i.e., insurance, taxes, etc.

PROPERTY, PLANT AND EQUIPMENT

As mentioned earlier, printing companies are highly capital-intensive. New machinery costs are soaring; in many cases, used equipment is selling at prices approximating its original price tag. Therefore, their percentages usually comprise the major portion of all the assets. These assets are not for sale but are used in the operations of the printing process. Property, plant and equipment, with the exception of land, are depreciated over a period of time. The methods of depreciation vary; a printer usually uses one method of depreciation for tax purposes, and another method for financial reporting (book) purposes.

For book purposes, the printer may depreciate assets using the straight-line method over the estimated useful life of the asset. For tax purposes, printers may use the accelerated cost recovery system (ACRS) percentages to depreciate furniture, fixtures, machinery and equipment. The depreciation method decision for real estate should be carefully planned.

	Printemps	Profit Leaders
NET PROPERTY, PLANT AND EQUIPMENT	38.02%	33.79%

Printemps' property, plant and equipment percentage is higher than the Profit Leaders. These percentages may vary considerably among different types of printers and different circumstances. For example, it may be advantageous for one printer to own his plant, but for another printer living in a different geographic region, real estate costs may be outrageously expensive. Machinery and equipment percentages vary widely depending on the processes different printers use.

More important than the percentage of fixed assets owned, Printemps' manager should consider the following:

1. Is equipment being operated at capacity?
2. Is the company using outdated inefficient equipment?
3. Can extra space held for future expansion be temporarily leased?

OTHER ASSETS

Other assets may include deposits, the cash surrender value of officers' life insurance (preferably netted against loans payable to the insurance company), and goodwill. Printemps and the profit leaders ratios are almost identical. Generally, printers have no real problems with their "Other Assets".

LIABILITIES AND EQUITY

The liability and equity section of the balance sheet shows the distribution of each dollar of assets as follows:

LIABILITIES ($) ----------> OBLIGATIONS
EQUITY ($) ----------> OWNERSHIP

LIABILITIES - WHAT WE OWE

Liabilities are mainly broken down into current and long-term liabilities. We will first examine the printer's current liabilities and then discuss long-term liabilities.

CURRENT LIABILITIES

Current liabilities are obligations that usually fall due within a period of a year and will be paid by current assets. They include the obligations generated by the operating cycle, such as money owed to suppliers for the acquisition of material and supplies, collections billed in advance of delivery, salaries payable to employees, interest or principal payments due on notes, income taxes, and any other payable which is due in the next operating period.

	Printemps	Profit Leaders	Difference
Notes Payable	9.15%	4.35%	4.80%
Accounts Payable	14.34	11.31	3.03
Other Current Liabilities	10.19	11.18	(0.99)
	33.68%	26.84%	6.84%

After examining Printemps' ratios above in comparison to the PIA Profit Leaders, Printemps, obviously, has too much short-term debt. If accounts receivable are not being managed wisely, there will not be sufficient cash to promptly pay its short-term creditors.

Other current liabilities may include obligations under capitalized leases, payroll taxes due, employees' withholding taxes, sales tax collected, accrued expenses such as interest, business taxes, payroll and vacation payroll, income taxes payable and others.

One current liability that is often poorly handled by printing firms is the account "advance collections." The following example demonstrates how this account should be used.

A customer may ask for an advance billing and the printer records an Accounts Receivable and an Advance Billing account. If this situation still exists at the Balance Sheet date, the Advance Billing is reversed and neither the Accounts Receivable nor Advance Billing show on the Balance Sheet.

When the Advance Billing is paid, only the account "Advance Billing" is left, because the corresponding Receivable has been paid. In this case, it is necessary to reclassify the Advance Billing that has been paid as an Advance Collection.

Strange as it may sound, this Advance Billing situation occurs in many printing companies. Proper accounting for Advance Collections is important.

DEFERRED INCOME TAXES

Deferred income taxes arise from timing differences resulting from income and expense items reported for financial accounting and tax purposes in different time periods. For the majority of printing firms the principal such item is the use of accelerated depreciation for tax purposes.

LONG-TERM DEBT

Long-term debt is a major source of funds to finance assets for the printer. It includes debt which will be paid off some time in the future, but not in the current period. Most of the printer's long-term debt is in the form of bank loans, mortgages or leases; some large printers may issue bonds.

	Printemps	Profit Leaders	Difference
Long-Term Liabilities	26.86%	15.66%	11.20%

The above ratios show that just as plant and equipment ratios are a prominent part of the balance sheet, so is long-term debt.

Again, Printemps' ratios show that it has too much debt. Perhaps Printemps' management has not pursued better financing methods. Has management considered issuing additional capital stock to obtain funds? Will Printemps be able to meet its financial obligations when due?

Printers do have to be very careful in proportioning their debt. A typical conversation between a banker and a printer with a high debt ratio may go as follows:

Banker: "Don't come to us to finance Assets that should be funded from Shareholders' Equity. We are not shareholders and we are not going to cover your weak Equity position."

Printer: "What is this? You did in the past, and I have been taking all my Profits out of the business."

Banker: "Well, we are not doing it now and I doubt if we will ever get back to that. In fact, forget about future loans and get what you owe us paid up as soon as possible. We only want to lend our funds to companies with strong Equity positions.

Recommendations:

1. Hold your breath;
2. Maximize Profits;
3. Minimize Tax (LIFO/Accelerated Depreciation);
4. Maximize after Tax Retained Profits;
5. Build a strong Shareholders' Equity position.

EQUITY

The Equity of a company represents its ownership interest. Proprietor's Equity is the term used to denote ownership of an unincorporated business. Shareholders' Equity is used for a corporation because all corporations are required to issue common stock. The term Partner's Equity is used for a partnership. Because most printing firms are corporations, the term used in this discussion will be "Shareholders' Equity."

Shareholders' Equity may include the following accounts:

Common Stock
Preferred Stock
Additional Paid in Capital
Retained Earnings
Treasury Stock

CONTRIBUTED CAPITAL

The term "capital stock" is sometimes used to designate all of the issued stock of the corporation, both common and preferred. The capital stock value is computed by multiplying the par value (original face value) of each share by the number of shares issued. For example, if Printemps issued 2,500 shares of common stock and the par value is $10 a share, the total dollar value of common stock would be $25,000. (2,500 shares X $10 per share = $25,000.) Most printing firms issue common stock.

Stock does not necessarily have to be issued at par value. If shares are sold at a price larger than par, the additional funds received will be shown as "Additional Paid-In Capital" on the balance sheet.

Preferred stock is another type of security that a company may issue to generate funds. The issuance of preferred stock is optional and many companies issue no preferred stock.

RETAINED EARNINGS

Retained Earnings are the accumulated profits (and losses) of a company that have not been paid out to shareholders as dividends. The earnings are reinvested in the company in the form of assets (cash, marketable securities, inventories, property, plant or equipment, etc.).

DEBT/EQUITY STRUCTURE

Printemps' ratio of shareholders' equity to all debt and equity is 39.46%: It's total debt ratio is 60.54%. The profit leaders' ratios are reversed -- shareholders' equity percent is higher than the debt ratio.

	Printemps	Profit Leaders
Total Liabilities	60.54%	42.50%
Shareholders' Equity	39.46	57.50

It's difficult to pinpoint the perfect debt/equity structure of a printing company because of many factors -- the form of operations, the company's financial goals, the company's cost of capital, interest rates, etc.

However, by examining the printing industry trends below, profit leaders consistently have a larger percentage of equity than debt.

TOTAL EQUITY AS A % OF DEBT AND EQUITY

	PIA Ratio Studies*				
	1984	1983	1982	1981	1980
All Firms	39.32%	41.55%	42.18%	44.23%	43.63%
Profit Leaders	55.25	57.89	54.88	54.08	55.50

* These ratios are from all firms reporting.

BALANCE SHEET

ASSETS	PRINTEMPS DOLLARS	PRINTEMPS % OF TOTAL ASSETS	PIA HIGH PROFIT STANDARDS ($1,500,000-$5,000,000) % OF TOTAL ASSETS	DIFFERENCE MORE (LESS)
CURRENT ASSETS				
Cash	$ 111,900	7.46%	13.06%	(5.60)%
Receivables	494,300	32.95	28.35	4.60
Inventories	196,200	13.08	11.36	1.72
Other current assets	63,300	4.22	8.92	(4.70)
TOTAL CURRENT ASSETS	865,700	57.71	61.69	(3.98)
PROPERTY, PLANT AND EQUIPMENT				
Real estate	137,700	9.18	9.75	(0.57)
Less: Accumulated depreciation	45,000	3.00	2.94	0.06
	92,700	6.18	6.81	(0.63)
Machinery and equipment	961,800	64.12	56.29	7.83
Less: Accumulated depreciation	539,700	35.98	33.03	2.95
	422,100	28.14	23.26	4.88
Other fixed assets	124,500	8.30	7.29	1.01
Less: Accumulated depreciation	69,000	4.60	3.57	1.03
	55,500	3.70	3.72	(0.02)
NET PROPERTY, PLANT AND EQUIPMENT	570,300	38.02	33.79	4.23
OTHER ASSETS	64,000	4.27	4.52	(0.25)
TOTAL ASSETS	$1,500,000	100.00%	100.00%	-
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	$ 137,300	9.15%	4.35%	4.80%
Accounts payable	215,100	14.34	11.31	3.03
Other current liabilities	152,800	10.19	11.18	(0.99)
TOTAL CURRENT LIABILITIES	505,200	33.68	26.84	6.84
LONG-TERM LIABILITIES	402,900	26.86	15.66	11.20
TOTAL LIABILITIES	908,100	60.54	42.50	18.04
SHAREHOLDERS' AND PROPRIETORS' EQUITY	591,900	39.46	57.50	(18.04)
TOTAL LIABILITIES AND EQUITY	$1,500,000	100.00%	100.00%	-

INTERRELATED RATIOS OF THE BALANCE SHEET

We will now examine ratios that interrelate between both sides of the balance sheet and, when evaluated with other ratios, offer significant help to the printing manager. Some ratios will include factors from both the operating statement and the balance sheet. Instead of relying on isolated ratios, a basket of ratios viewed together will provide better information about the financial health of a company.

Four types of ratios will be used in further analysis of Printemps financial position.

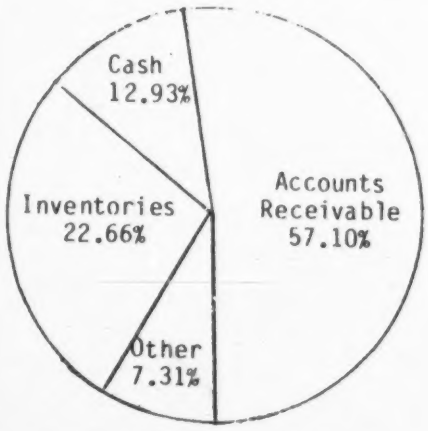
Type of Ratio	What It Does
1. Liquidity	Measures Printemps' capacity to meet short-term obligations.
2. Activity	Measures Printemps' effectiveness in using its assets.
3. Leverage	Measures Printemps' ability to meet short-term and long-term debt.
4. Profitability	Indicates Printemps' return on assets.

LIQUIDITY RATIOS OF WORKING CAPITAL

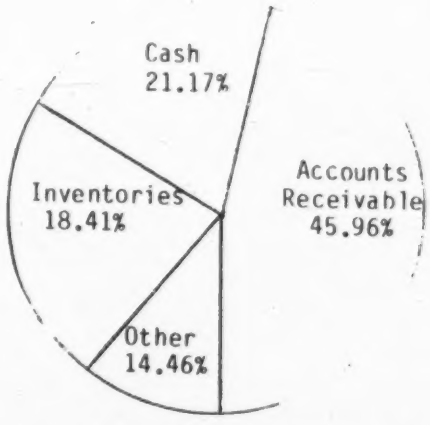
Working capital is composed of current assets as analyzed below. In financial analysis close attention is always paid to working capital. Adequate working capital is necessary for a company to meet current debts, carry sufficient inventories and take advantage of cash discounts.

WORKING CAPITAL
PERCENT OF CURRENT ASSETS

Printemps



Profit Leaders



Although the above chart ignores the absolute amounts involved, which are significant, Profit Leaders have proportionately more cash and less receivables and inventory.

The difference between current assets and current liabilities is called net working capital. Printemps net working capital in absolute dollars is $360,500.

Current Assets	$865,700
Current Liabilities	505,200
Difference - Net W rking Capital	$360,500

- Is $360,500 enough working capital for Printemps to operate smoothly?
- Is Printemps liquid enough or does the company have excess liquidity?
- Does Printemps have too little cash?

The following two ratios offer insight into the liquidity question.

CURRENT RATIO - The current ratio is a key part of determining the adequacy of working capital. It measures the company's ability to meet short-term obligations and is computed by dividing current assets by current liabilities.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Printemps	Profit Leaders
1.71	2.30

Printemps' ratio of 1.71 means that for every dollar of current liabilities, there is $1.71 in current assets. Profit leaders historically have had current ratios above 2. Generally, a ratio of 2.00 and above is assumed to be satisfactory. In the past many firms functioned well with a lower ratio. Today companies should have at least 2.00 because they are forced into longer conversion periods for inventories and longer collection periods for accounts receivable. Recently, the Profit Leaders' current ratio has been increasing.

Printemps' current ratio of 1.71 may indicate a cash shortage. There seems to be inadequate coverage for its short-term debtors, and Printemps' should improve its current position. On the other hand, a very high current ratio may indicate that the printer is not wisely using his funds. The assets may well be used more effectively elsewhere -- perhaps to expand operations by acquiring additional machinery and equipment.

Some say that doing business with other people's money, called "trading on equity" is good business. This is rarely true. If the current ratio is diminished by too much debt, the assets needed in the form of inventory, cash, etc., will not be available when needed. Also, if you are working with an excessive amount of other people's money, a demand for repayment in cash can prevent you from investing current assets profitably in your business. It can prevent you from buying and discounting, and can affect your credit from financial institutions which, in turn, can deny you the purchase of fixed assets. Using a maximum of other people's money may look good on paper, but by doing so, you may never get to where you want to go.

QUICK RATIO - A better liquidity ratio is the quick ratio, also called the acid test ratio. The only difference from the current ratio is the elimination of inventories from the numerator. Because inventories are the least liquid of the current assets, they are excluded. The formula for the quick ratio is:

$$\text{Quick Ratio} = \frac{\text{Current Assets Minus Inventory}}{\text{Current Liabilities}}$$

Printemps	Profit Leaders
1.33	1.88

Printemps again shows the same weak position reflected by the current ratio. (One should note that a declining quick ratio may be normal for a company purchasing additional machinery and equipment with cash.)

ACTIVITY RATIOS

As stated earlier, activity ratios indicate the effectiveness with which assets are used. Activity ratios discussed previously were the inventory turnover and the collection period of receivables.

LEVERAGE RATIOS

Leverage ratios reflect the company's total debt burden -- short and long term. The printing manager wants these ratios to compare favorably to industry ratios, particularly if his company is expanding and needs debt financing. Concern should be given to these ratios, also, because of the interest expense to the company. Leverage ratios also measure the relationship between shareholders' funds and borrowed funds.

Two debt to equity ratios printers should consider are analyzed below:

	Printemps	Profit Leaders (Printemps Sales Size)
1. $\frac{\text{Total Liabilities}}{\text{Equity}}$ =	1.53%	0.74%
2. $\frac{\text{Long-Term Liabilities}}{\text{Equity}}$ =	0.68%	0.27%

The first debt to equity ratio means that for every dollar ($1.00) in shareholders' equity, Printemps has $1.53 in liabilities. For every dollar, Profit Leaders only have $0.74 in liabilities. It's hard to say what the perfect

combination should be. Borrowed funds are riskier than ownership funds because of the payment of interest and the requirement for repayment. Dividends to shareholders are usually up to the discretion of the corporate directors and the invested capital does not have to be repaid.

The second leverage ratio measures the proportion of long-term debt to equity. Again, no one can say what the acceptable ratio is for a particular company. The printing industry ratio for all firms by sales size is 0.71 and for all profit leaders is 0.36. Generally, the ratio has been steadily rising for all firms, and has been slowly decreasing for the profit leaders. This trend seems to indicate that the profit leaders are becoming more financially secure and that printing managers should maximize shareholders' equity as a source of funds.

PROFITABILITY RATIOS

The majority of profitability ratios lie within the income statement. However, one major profitability ratio measures the effectiveness with which the company's investment (found in the balance sheet) has been utilized in order to produce that profit. This ratio is called the Return On Investment and is discussed in a later section.

MEANING OF SIGNIFICANT FACTS

Significant Facts in these ratios are often particularly important statistics and ratios for the printer. They are as meaningful as the financial statements, and often are the lowest common denominators which can be easily managed to produce higher profits.

INVESTMENT

The objective in this section is to present assets used per employee. From the information found in the significant facts section, you will note that High Profit companies generally invest more assets per employee. As sales volume increases, assets invested per employee also increase. Significant Facts related to investment are defined and explained below.

Assets per Employee -- All Employees = Assets (Net) / Number of All Employees = This ratio includes all assets -- current, fixed (net of depreciation), and others. It indicates the adequacy of the funds you employ.

Assets per Factory Employee = Assets (Net) / Number of Factory Employees = This ratio is similar to the one above, but shows assets per factory employee.

Average Net Worth per Employee = Shareholders' Equity / Number of All Employees = This figure tells what part of the first ratio (assets per employee) is funded by shareholders' investment.

Average Gross Plant Investment per Factory Employee = Plant Machinery and Equipment (Gross) / Number of Factory Employees = This is a "key fact." It is obvious that the trend is toward more equipment per factory employee.

Net Worth Percentage of Fixed Assets = Shareholders' Equity / Fixed Assets (Net) = This ratio indicates the relationship between funding fixed assets and shareholders' equity. Fixed assets should never be funded with current debt, but should be funded with long-term debt and shareholders' equity. This equity should also fund about 50 percent of all assets -- an indication of funding strength.

SALES

The category of sales provides information on sales per employee. These statistics are determined twice -- once including executives and then excluding them. Here, we will address statistics excluding executives. The following sales proportions are particularly noteworthy:

Sales per Employee	= Sales / Number of All Employees	=	This is an invaluable number. The only better ones are the two ratios below.
Sales per Factory Employee	= Sales / Number of Factory Employees	=	This is a refined number of sales produced per factory employee.
Sales Less Materials per Factory Employee	= Sales Less Materials / Number of Factory Employees	=	This ratio is the Value Added produced per factory employee -- one of the most important ratios in the Ratio Study. You must know this number and plan to improve it; the end result will be improved profit.

EMPLOYEE DISTRIBUTION

This category of Significant Facts presents the percentage distribution of employees by departments. For example, for all firms reporting in the PIA Ratio Study, the distribution is as follows:

Factory	74.57%
Administrative	14.10
Sales	11.33
	100.00%

The most important fact here is the percentage of factory employees. Although there may be a firm with too many factory employees and not enough administrative and selling employees, this would be a rare exception. You need factory employees to produce your product; their productivity gives you revenues.

Often, a very simple observation serves as an indicator of productivity; i.e. are there enough factory employees to produce the product required to support the overhead and provide a profit. This seems elementary; in many cases, it's a revelation. Note that the percentage of factory employees is about 75 percent for very small firms, and rises to 83 percent of all employees for very large firms. There is a specific characteristic for each sales class -- a very simple, but valid relationship.

SALES PER SALESPERSON

This ratio is computed as follows:

$$\frac{\text{Sales Produced by Salespersons}}{\text{Number of Salespersons}}$$

To use this fact properly, you must be very specific in taking into account your sales volume as well as your product and process specialties. In analyzing the significant facts section of the book All Printers By Sales Volume, note that sales per salesperson in a small firm are about $147,800 and that the figure rises to $1,738,000 for firms with sales over $10 million. This rise occurs throughout sales classes, and you must zero in on your sales class and relate your figures to the product and process specialties in the other PIA books in this series. Data for publications printing will be much different from that for commerical printing, and data from web-offset will be different from sheet-offset data.

PAYROLL

Payroll statistics are computed first by including fringe benefits and executive compensation, and then again by excluding these factors. Thus, there is a separate section within this category for executive payroll.

The first item in this category is total payroll as a percentage of sales. This includes factory, administrative and sales payroll, and is computed as follows:

$$\frac{\text{All Payroll Costs}}{\text{Sales}}$$

This ratio is affected by the size of a firm. Payroll as a percentage of sales forms a bell-shaped curve starting at about 40 percent in small firms, rising to 42%, then decreasing to 36 percent for very large firms.

The next ratio is factory payroll as a percentage of gross plant investment. It is computed as:

$$\frac{\text{Factory Payroll}}{\text{Machinery and Equipment (Gross)}}$$

In general, this ratio equals about $0.85 per year in payroll costs per dollar of gross plant investment. This is a very qualitative statistic and the absolute number requires further evaluation. Of course, more than an 0.85 percent ratio would be better if the company were fully equipped. In this case, there would be a maximum utilization of equipment. However, it is still possible to have over an 0.85 percent ratio as the result of inadequate plant facilities. In other words, the number doesn't tell the full story.

Payroll per employee. This category provides an absolute amount of payroll per employee and, more specifically, per factory, administrative, and sales employee. These numbers are presented for "All Firms" and "Profit Leaders" in each sales class.

Note that, in some cases, Profit Leaders pay less per employee. One must put aside the notion that higher profit has to do with lower payroll costs. We have already established that Profit Leaders have a lower relative payroll cost, but that this is related to a higher capital investment per employee and a greater Value Added per factory employee.

A separate subheading in this category addresses payroll per executive for all employees, and then again, payroll broken down more specifically per factory, administrative, and sales executive.

PROFIT

Gross profit percentage is computed as follows: first, determine your gross profit -- sales less the cost of goods manufactured. Then relate gross profit to sales.

$$\frac{\text{Gross Profit}}{\text{Sales}} = \text{Gross Profit as a Percentage of Sales}$$

	All Firms	
	All Firms	Profit Leaders
Gross Profit as a Percentage of Sales	23.42%	27.79%

Smaller firms require a higher gross profit percentage. In firms with up to about $5,000,000 in sales, the High Profit Standard is approximately 29 percent of gross profit. At that point, the gross profit required becomes less because of relatively lower administrative and selling expenses.

Too many printers are searching for a mystical formula to produce high profits. That formula need not be mystical because there really is a way to produce a higher gross profit. The difference in gross profits between "All Firms" and "Profit Leaders" approximates the difference in profit before taxes. Therefore, a source of higher profits is increasing gross profits. This directs us to:

- Pricing
- Material costing and control
- Increased Value Added per factory employee
- Expense control.

The average gross profit per factory employee is an excellent lowest common denominator with which to gauge your profit performance. It is computed as follows:

$$\frac{\text{Total Gross Profit}}{\text{Number of Factory Employees}} = \text{Average Gross Profit Per Factory Employee}$$

	All Firms	
	All Firms	Profit Leaders
Average Gross Profit per Factory Employee	$22,865	$28,209

Another interesting statistic is your average net profit before taxes per employee. For all firms, this figure is $2,906 as compared to $8,858 for profit leaders.

Income before taxes as a percentage of sales for all printing firms in the Ratio Study was 3.82 percent, compared with 11.90 percent for the profit leaders. The percentage for all firms is much too low; it returns a dismal 7.01 percent on investment. High profit firms realize 15.72 percent return on investment.

After your bills are paid, where do you put your excess cash? In a passbook savings account earning approximately 5-1/2% interest? Some people may consertively invest in U.S. Treasury bills which have recently averaged 9%. Nevertheless, you probably would not be satisfied with a 7% return on you investment (ROI). Yet, the average printing firm in 1983 averaged 7% on its ROI. Printing managers cannot settle for such a low return if they are to keep their company profitable.

Return on Investment refers to the capital used to produce income. Mathematically, it is:

$$\frac{\text{Income}}{\text{Assets}} = \text{Return on Investment (ROI)}$$

ROI - 1984 Ratios: All Firms - 7.01%; Profit Leaders - 15.72%

Return on Investment (ROI) is the most comprehensive measure of profitability because it incorporates the two major factors that should be considered in measuring profits: 1) income, and 2) investment. The only difference of opinion in this area is whether net assets or gross assets should be used to compute ROI.

ROI is a very simple computation, analogous to figuring simple interest, or, in introducing a time element involving alternate decisions and capital expenditures, or compound interest.

The ROI concept is gaining more and more acceptance as a measure of profitability in printing companies. This is due to the fact that printing is a capital intense industry and printing firms generally have high fixed assets against which their profit performance is measured.

The importance of ROI is evident from its history in the printing industry. Since ROI was introduced in the 1967 PIA Ratio Books, the Individual Computer Printout has been expanded to include ROI, an entire annual PIA financial meeting has been devoted to the concept, and PIA conducted a special historical case study on ROI. This study revealed a decline in investment turnover and showed the effect of this on the ROI rate when there is not a corresponding increase in profit as a percentage of sales.

PIA has remained a strong advocate of the ROI concept and consistently urges its adoption through continuing education.

DEFINING RETURN ON INVESTMENT

As stated above, ROI can be expressed simply as:

$$\frac{\text{Income}}{\text{Assets}} = \text{Return on Investment}$$

This ratio produces, as a percentage, an annual rate of return on assets used to produce income. It is the same as an annual interest rate that one would receive on a bond or other type of investment.

The simple ROI formula is a reduction of the following ratios:

$$\frac{\text{Income}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Assets}} = \text{ROI}$$

The first fraction is income as a percentage of sales. It is a hard number; therefore, if you want to improve your ROI, it is this percentage to which you must pay particular attention. We will discuss this further under the heading "Return-on-Investment Dilemma."

The second fraction is called "investment turnover" or "asset turnover." The term "investment" in this context refers to assets used to produce more earnings.

The "sales" in the denominator of the term "income as a percentage of sales" and the "sales" in the numerator of the term "investment turnover" can be cancelled. We have already done this in order to obtain the simple expression "Income over Assets." However, it is still best to think of these two fractions as dynamic elements in ROI management.

Here is an example of the ROI computation:

Sales	$1,000,000
Profit Before Taxes	120,000
Assets	500,000

$$\frac{\$\ 120{,}000 \text{ Income}}{\$1{,}000{,}000 \text{ Sales}} \times \frac{\$1{,}000{,}000 \text{ Sales}}{\$\ 500{,}000 \text{ Assets}} = \text{ROI}$$

$$12\% \times 2 = 24\% \text{ ROI}$$

In the PIA Ratios, income is...

...income before interest expense, other income and taxes.

Assets are...

...gross assets employed before deduction of accumulated depreciation and amortization.

As these are not necessarily commonly used definitions, we will discuss other concepts as well.

ALTERNATE CONCEPTS

Income Before Interest, Other Income and Taxes. Our terminology refers to income as income before interest, other income and taxes. Most published studies base Return on Investment on after-tax profit. The reasoning is that taxes are expenses, just like any other expenses.

Taxes: Computing Return on Investment before taxes provides a standard which everyone can easily use. The amount of tax is different for almost everyone since:

- The normal tax rate is different at different income levels.
- Investment credits, new-job tax credits and other credits can produce substantially different net taxes.
- This year's tax may be reduced by a net operating loss carryforward.
- Accelerated depreciation methods are used for tax purposes, and most (but not all) use straight-line depreciation for financial purposes.

The tax on profits may vary widely from situation to situation. Thus, if Return on Investment is to be of practical use, computing it on profit before taxes is the more valid standard.

Interest Expense, Non-Operating Income and Expense: By using profit before interest expense, we are able to compare the Return on Investment before an interest charge vs the cost of capital, which is an interest charge.

For example, if your return on investment is 25 percent and your cost of interest is 17 percent, it pays to borrow funds which will produce a greater return. By the same token, it would not pay to borrow funds at an interest rate greater than your ROI. You can see that, if interest were deducted from profit, it would not be valid to compare your return on investment with the cost of capital to determine whether a ROI decision is valid.

Non-operating income and expenses normally are excluded from our calculations. It is important that you remove non-operating assets from your investment figure as well.

DEPRECIATION

Since accumulated depreciation is not deducted from fixed assets in arriving at total investment or assets, there are some proponents of the theory that depreciation not be deducted from income for ROI purposes. This concept is not too strongly advocated.

Some printers, for financial or tax reasons, compute depreciation by accelerated depreciation methods. This produces higher depreciation in the early years of an asset's life than does the straight-line method. If accelerated depreciation is used, the excess depreciation should be added back to profit in order to compute your ROI.

VALUATION OF ASSETS

We can consider four different asset-valuation bases:

- Gross Assets at Book Value - Assets are at their original cost without deduction for accumulated depreciation.
- Net Book Value - Assets are valued at original cost less accumulated amortization and depreciation.
- Replacement Value - This is the same as Gross Assets, but adjusted for the increase in their replacement cost.

- Market or Actual Cash Value - Similar to Net Book Value, but asset costs have been changed to reflect replacement cost less the proportional accumulated depreciation.

All of these variations present ways of valuing fixed assets. Each approach has considerable merit. The Replacement Value and the Replacement Value less Accumulated Depreciation are approaches you may want to use on your own as they can be very meaningful depending on your circumstances and objectives. For internal management purposes use the most accurate value of your equipment that you can. In these PIA Ratio Studies, however, we are limited to determining ROI by Gross Assets at cost and Net Book Value.

NET ASSETS VS GROSS ASSETS

In comparing Return on Investment computed on Gross vs Net Assets, we find that each produces substantially different results. For a number of years, the PIA Ratio Study has been computing ROI based on Gross Assets. This is the so-called DuPont method, which has the advantage of alerting management to a decreasing Return on Investment and the need for equipment replacement.

Under the Net Asset method, a higher Return on Investment may justify continued investment in existing equipment mainly because of lower book value. The Gross Asset basis has its purpose, but is not as accurate as the Net Book Value.

The Return on Investment based on Net Assets is computed as follows:

$$\frac{\text{Income Before Taxes, Interest, and Other Income or Expense}}{\text{Assets Less Accumulated Depreciation}}$$

For "All Firms," this is 10.11 percent; for "Profit Leaders," 21.46 percent.

The net asset method may produce a more valid operational Return on Investment and a more accurate computation.

WHAT IS A FAIR ROI?

The "All Firms" ROI of 7.01 percent on gross assets and 10.11 percent on net assets is hardly adequate to justify investment. The "Profit Leaders" ROI is 15.72 percent on gross assets and 21.46 percent on net assets. The high-profit companies appear to achieve an ROI more commensurate with the economic risk.

The printing industry presents substantial risk and, therefore, the return related to that risk should be substantially higher than prevailing interest rates. Thus, your ROI should exceed 20 percent on a new-asset venture, or 30 percent on net assets.

RETURN ON INVESTMENT DILEMMA

Since ROI is computed by multiplying "income as a percentage of sales" by the "investment turnover," it would appear that we could increase our ROI by one or the other factor, or both. This is true, but first a little background is necessary. We will limit our statistics to the Profit Leaders.

The investment turnover for Profit Leaders in this year's Ratio Study is 131.54 percent. This means that these firms achieved $1.32 in sales for each $1.00 of assets employed. Let's look at the historical record of investment turnover.

This year	131.54%
1983	131.84
1982	141.56
1981	142.49
1980	141.42

Until 1983, the investment turnover has remained fairly steady. This has been true for all participants. At the same time, however, a specific printing company that acquires substantial new equipment is likely to show a decline in investment turnover. This is caused by the capital intensity of printing equipment. Therefore, to maintain a fair return on investment, profit as a percentage of sales has to be increased. This can best be explained with an example:

	Old	New
Equipment	$ 50,000	$200,000
Investment Turnover	200%	140%
Desired Return on Investment	20%	20%

Return on Investment = Investment Turnover x Profit as % of Sales.

				Profit Needed As A % Of Sales
ROI	= Sales / Assets	x	Income / Sales	
Old 20%	= $100,000 / $ 50,000	x	$ 10,000 / $100,000	(10%)
New 20%	= $280,000 / $200,000	x	$ 40,000 / $280,000	(14.3%)

To maintain the desired 20 percent Return on Investment, one would need a profit of 14.3 percent profit on sales with the new equipment, as opposed to a 10 percent profit on sales with the old equipment.

There are two traps to avoid in the area of Return on Investment:

1. When you increase the assets you employ, you must also increase your profit as a percentage of sales to maintain a fair return on investment. If you don't, you risk having a diminished Return on Investment.

2. Your new selling price with a higher profit mark-up may still be lower than your price using the old equipment. The new equipment should produce a lower unit selling price despite the higher cost rates and higher required margin. If this were not true, there would be no economic justification for replacing old (less capital intense) with new (more capital intense) equipment.

YOUR ULTIMATE GOAL: THINKING ROI

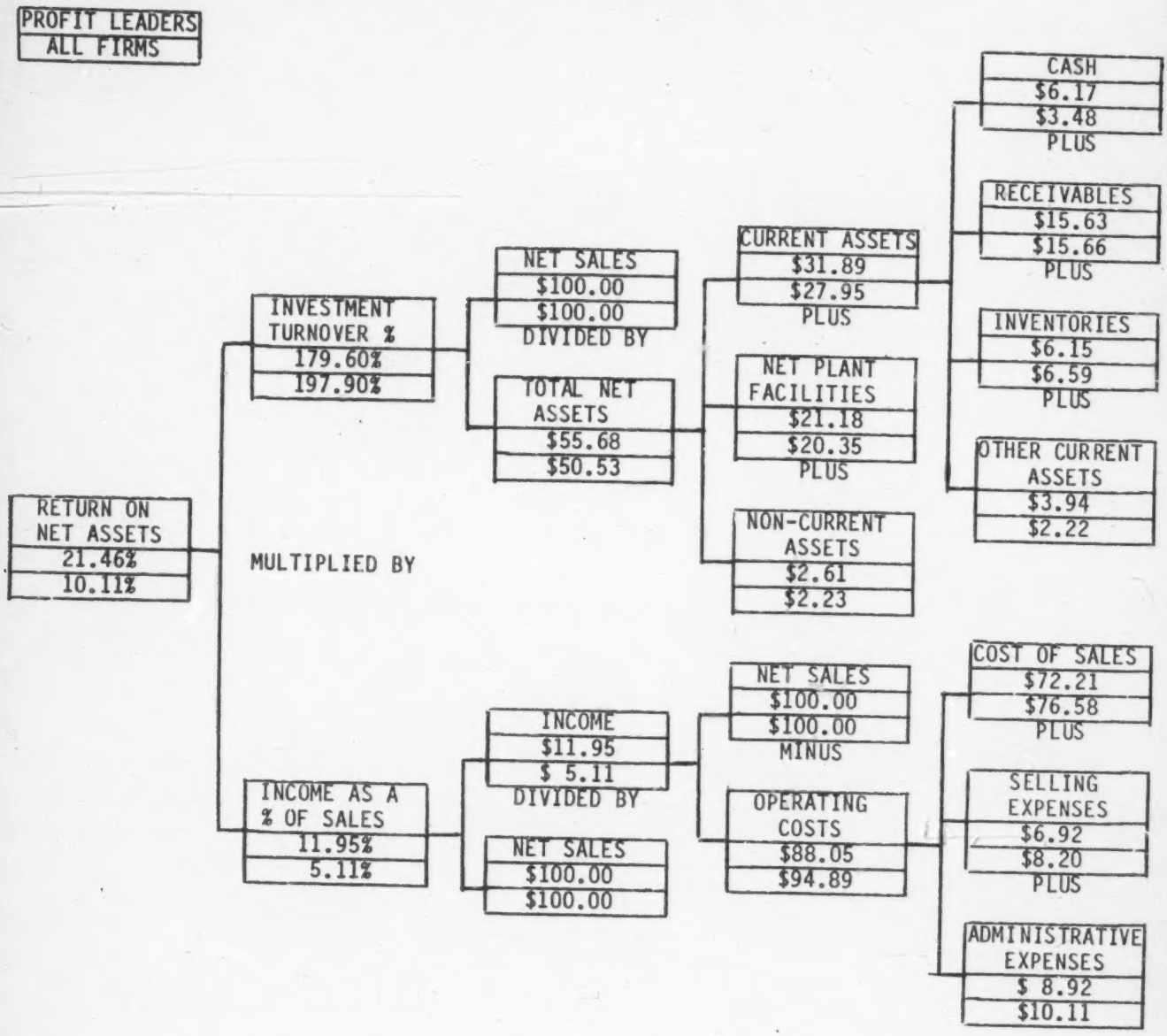
Thinking ROI is like working backwards. Thus, a competent printing manager might plan along these lines:

1. Capital to be employed		$400,000
2. Desired ROI: 20 percent of capital employed		80,000
3. Sales to be achieved from new assets employed: 140 percent		560,000
4. Required profit as a percentage of sales:	$\frac{\$\ 80,000}{\$560,000}$	= 14.3%

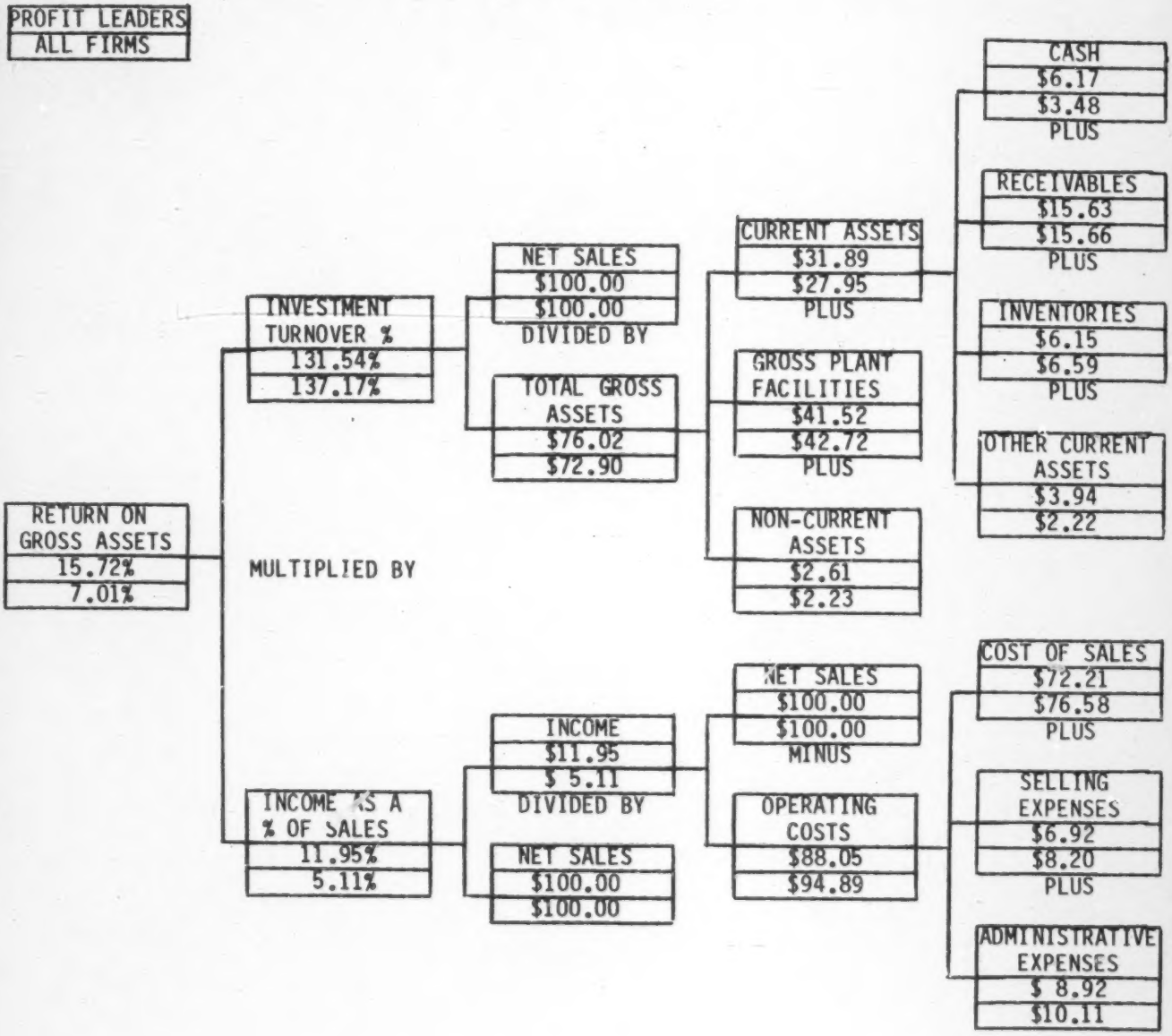
This example shows that you must strive for a 14.3 percent profit on sales to produce a 20 percent ROI on the capital you employ.

In conclusion, concentrate on profit as a percentage of sales. Moreover, don't let this profit percentage be trite. Let it vary with the intensity of assets employed. And remember, make every effort to maximize investment turnover. Think ROI -- and profit.

RETURN ON INVESTMENT CHART - BASE: $100 OF SALES
(NET ASSETS)



RETURN ON INVESTMENT CHART - BASE: $100 OF SALES
(GROSS ASSETS)

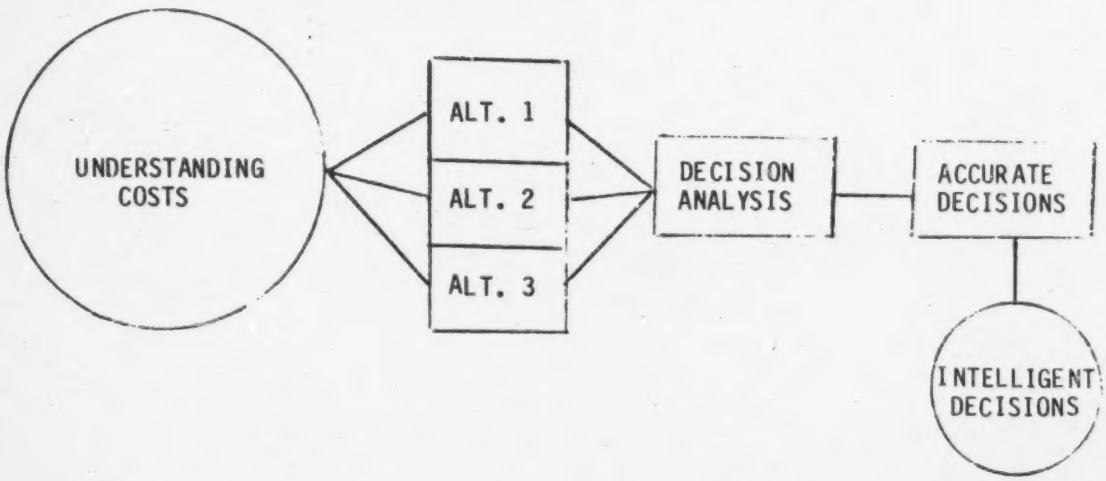


SECTION 3 - MEANINGFUL TOPICS RELATIVE TO THE GRAPHICS ARTS INDUSTRY

A BREAK-EVEN ANGLE TO COST/VOLUME/PROFIT

Cost and pricing decisions can "make or break" a printing manufacturer. The printer is constantly faced with decisions about selling prices, fixed costs and variable costs. These decisions can be made intelligently if the printer fully understands and utilizes pricing techniques and cost-volume-profit relationships. Of course, some factors the printer cannot control; competition and market pressures will impact pricing decisions. Likewise, although costs do not determine the sales price, they do have a great deal of influence on what that price will be. Understanding cost behavior outfits the printer to make reasonably accurate predictions insuring good pricing decisions and other financial management decisions.

What printing techniques are most profitable?
Are we charging enough?
Should we concentrate on web sales?
Are we getting "the most" out of our press?
Could we expand? Should we expand?



COST KNOWLEDGE

The printer equipped with good cost knowledge will be able to manage and control expenses more efficiently. The springboard to understanding cost behavior is break-even analysis. Throughout this discussion, keep in mind that printing is highly specialized and normally does not have "shelf items" to sell. Also, recognize that break-even analysis may be of more benefit to some printers than others, but that all will be able to utilize its basic cost concepts in making good financial decisions. A printer may use the analysis on a job-by-job basis to determine whether to accept or reject certain jobs. Similarly, the analysis may provide good approximations in answering other key questions.

BREAK-EVEN POINT

Narrowly defined, the break-even (B/E) point is the point at which sales and expenses are equal, or, in other words, profit is zero.

B/E POINT - - SALES - EXPENSES = $0

Do not misconstrue the term "break-even analysis". A printer certainly wants to do more than break even or he would not consider being in business. Breaking even is only the beginning of the basic principle underlying cost and pricing structure. Also, break-even analysis encompasses much more than breaking even. It can determine what volume of printing must be generated and sold for the printer to reach a desired level of income. It can determine which jobs are more profitable. Let us investigate.

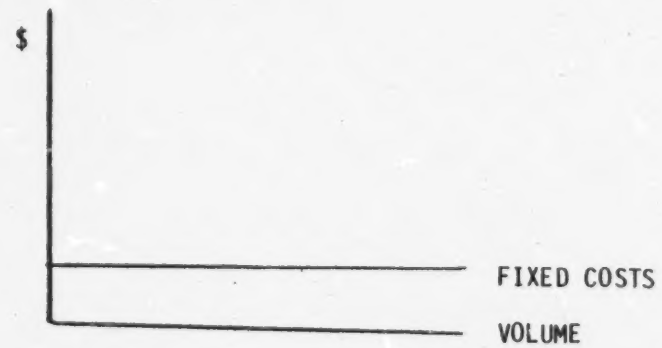
First, two terms must be considered -- sales and expenses. The term "sales" needs no explanation; the more the better. Fortunately, printing sales volume has been on an upward trend and is expected to continue so. Unfortunately, costs are also rising. This is the area we must effectively manage and understand in order to stay ahead.

COSTS

A printing manufacturer has numerous costs. Some of them will vary in direct proportion to the volume of printing produced. Others remain relatively fixed in amount over a period of time. Some expenses contain both variable and fixed elements. It is important for the printer to segregate these costs to understand the influence they have on profits

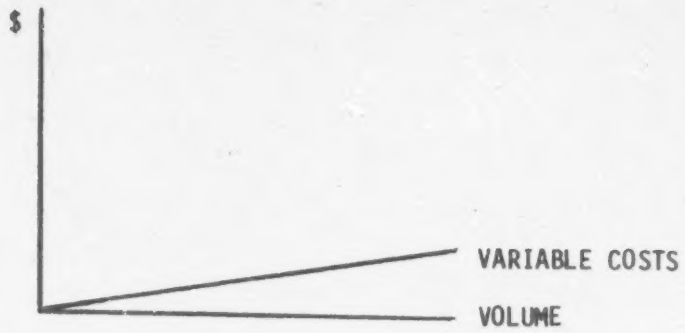
Fixed Costs

Fixed costs are expenses that remain the same regardless of the level of output over a period of time. Rent, depreciation, supervisiors' salaries and real estate taxes are a few examples. Factory expenses included in the PIA Ratio Study have their fixed elements segregated.(See PIA supporting Schedules in the Income Statements.)



Variable Costs

Paper, ink and direct wages are examples of a printer's variable costs. As the volume of printing rises, these costs will rise proportionately.



Mixed Costs

Caution. Recognize the fact that over a period of time some expenses cannot be compactly placed in the fixed or variable category. There are expenses that may vary with production at a certain point in time, but not in direct proportion. For example, one printing supervisor may be sufficient to oversee the work of the press department up to a certain point of production. However, if sales volume increases so that additional material and labor are necessary, a second supervisor may have to oversee the additional volume of printing.

Conversely, if the volume of printing decreases, but only temporarily, there may be no need to reduce production staff. Yet, if the decrease in volume is considered permanent, a supervisor may have to be terminated. Therefore, in the short run, supervisory salaries are considered fixed; in the long run, they prove to be variable.

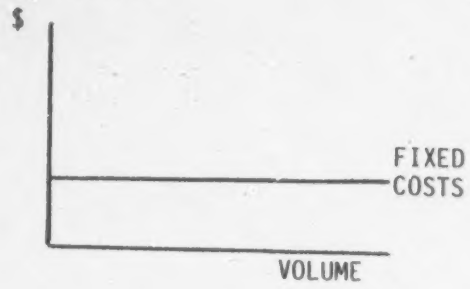
Consider printing equipment. One press may have an average production capacity of 12,000 impressions per hour and be efficient for a volume of 8,000 to 16,000 impressions per hour. The costs (mostly depreciation) would be considered fixed. However, if customers' printing demands increase to 24,000 impressions per hour, a larger press, or another press the same size, will be needed. Between 8,000 and 16,000 impressions, costs would be fixed, but outside that range, costs would be variable.

For this analysis, we will assume all costs can be classified as either fixed or variable. Normally, within a period of a year, one can accurately predict fixed and variable costs.

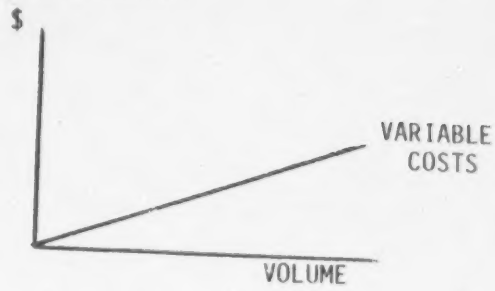
GRAPHING COSTS AND SALES

Combining fixed and variable costs on a graph together with the sales line emphasizes the break-even point. Graph number 4 below also shows that once the break-even point is reached (fixed costs are covered) in sales volume, additional sales produce profits.

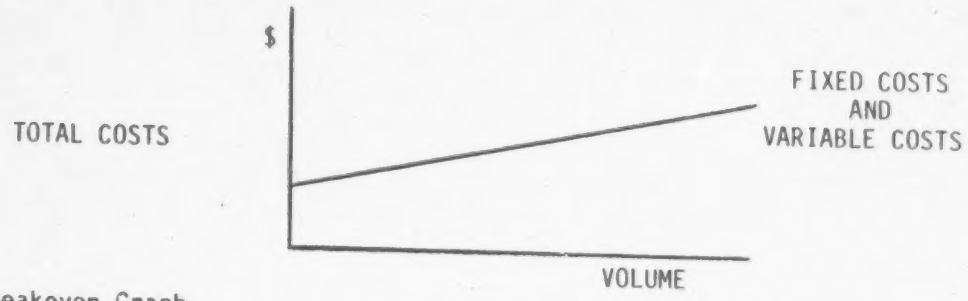
1. Fixed Costs



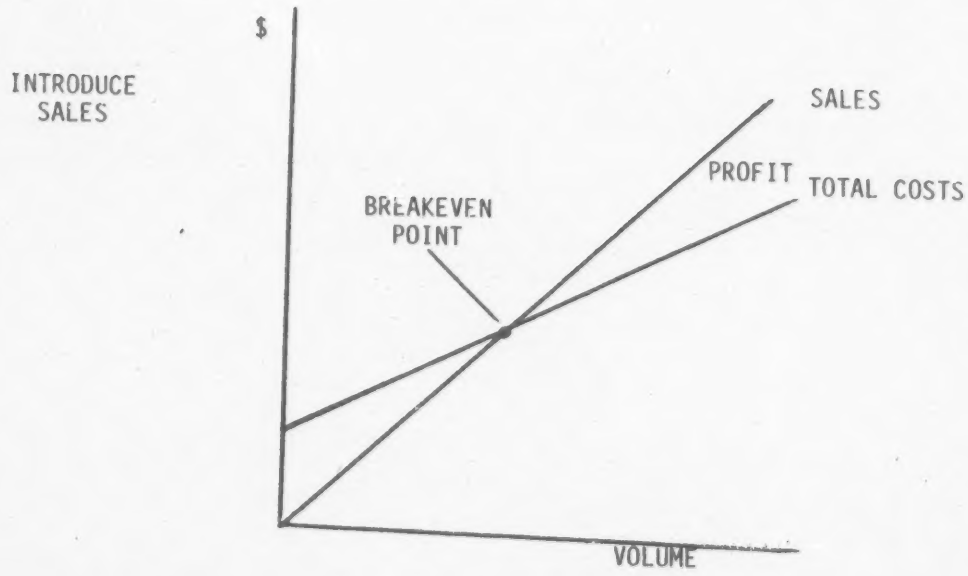
2. Variable Costs



3. Fixed and Variable Costs Combined



4. Breakeven Graph



The above graphs assume that volume is the only factor influencing cost. Remember, other factors also influence costs and sales.

BREAK-EVEN ANALYSIS

What volume of printing must be sold to break even? What volume of printing must be sold to reach a target level of income? In printing, volume may be based on units (or thousands of units) of production, impressions per hour, dollar volume of sales, or other measures. For our simple illustration below, we will assume volume is based on thousands of units of production.

> Printer Ken would like to know what volume of printing he needs to break even. He has segregated his fixed and variable costs for the preceding year and has estimated what they will probably be in the current year. He has found that his total fixed costs will be approximately $500,000. His average sales price on most of his printing jobs is $250 per thousand of units produced and his variable costs are $175 per thousand of units produced.

To find Ken's break-even point, he would use the break-even point equation and let X equal the number of thousand units needed to break even.

B/E Equation:

SALES = VARIABLE COSTS + FIXED COSTS
$250X = $175X + $500,000
X = 6,667 THOUSANDS OF UNITS

So, Printer Ken would need to sell 6,667 thousands of units (or 6,667,000 units) of printing to break even.

> Now, Printer Ken would like to know what volume of printing he needs to match the average PIA Profit Leader's income level. (Historically, PIA Profit Leaders achieve an average of 12 percent income before taxes as a percentage of sales.)

The equation he will now use is:

SALES = VARIABLE COSTS + FIXED COSTS + DESIRED INCOME
$250X = $175X + $500,000 + .12($250X)
X = 11,111 THOUSANDS OF UNITS

Therefore, if he sold 11,111,000 units, he should expect his income before income taxes to be 12 percent.

Keep in mind Printer Ken's break-even analysis was based on a particular set of assumptions. If his conditions change, a whole new set of cost-volume-profit relationships would appear.

OTHER APPLICATIONS OF BREAK EVEN ANALYSIS

Break even analysis may also be used to provide other helpful information, particularly in budgeting and forecasting. Printer Ken may be considering a new plant layout and expansion. Where he can follow through with this plan, his fixed and variable costs may change considerably. He could plot his various levels of production expected along with various expected changes in his fixed and variable costs and analyze results on different levels.

He may also use the break even approach on a job-by-job basis. Some jobs will be accepted for reasons other than profit. Yet, to predict exactly how much income a particular job is adding to profits, the break-even approach is highly enlightening.

THE INVENTORY DECISION -- LIFO VS. FIFO

Printers struggle to beat the battle of red ink and produce a profit. Over the past several years, however, inflation has seriously sliced away profits in most graphic arts firms. In addition, a hidden pirate has been gnawing away at after tax income: namely, the higher replacement costs of materials and supplies.

A printer claims a 12 percent profit on a $1,000 sale if expenses -- including materials, supplies, factory payroll and overhead as well as administrative and selling expenses and interest -- total $880. But is this printer really left with a 12 percent or $120 profit? In manufacturing his product, he used a large dollar volume of materials and supplies, and now he must replace them. However, the purchase price has risen. Where does the additional money come from? The obvious answer is that the inflated replacement cost must be pilfered from the $120 profit.

During healthy economic times, slightly higher replacement costs have little effect on profits. However, today's leap-frogging prices have risen so fast that their bite into profits has been significantly large.

What can you do? Certainly, you cannot control material and supply price increases. But you can fight back!

Proper inventory accounting methods for materials and supplies can save printers substantial tax dollars. These lowered taxes translate into money in the pocket with which you can stave off high replacement costs. And the more material and supply prices increase, the more tax dollars you save.

The two most common inventory methods in use today are FIFO (First-In, First-Out) and LIFO (Last-In, First-Out). Both methods are accounting tools to describe the flow of materials and supplies. They do not, though, have an effect on the actual placement of materials and supplies into manufacturing.

The majority of printers operate under FIFO inventory, which provides them with higher end of the year after tax profits on the books than does LIFO. Unfortunately, this is "fool's profit". LIFO, on the other hand, shows lower profits on the books, and consequently, results in lower taxes.

The FIFO system theorizes that a printer uses materials and supplies that were purchased a long time back -- when prices were lower. Recently purchased goods (bought with higher prices) are said to be the last to go into production and, therefore, are inventoried at a higher price. Since material and supply costs are deducted from sales (along with other costs of operating a business) in order to determine pretax profits, these low expenses will bounce your profits to a false higher level.

At first glance, the high profits may appear appealing. But remember, your corporate taxes are calculated on profits. In effect, what you're doing is reporting too high a profit to the IRS much in the same way as if you had understated your selling and administrative expenses.

Valuing inventory with the LIFO method means that, in theory, a printer places his most recently purchased materials and supplies into production first. Again, during inflationary times, the most recent purchases represent higher dollar figures than do earlier purchases.

These high valued cost factors result in a more realistic, lower profit. In turn, less taxes are levied and the printer is left with more money available to help offset his rising prices.

Remember, as a practical matter, FIFO and LIFO only represent the hypothetical flow of goods through your plant and, in reality, there is no difference in real pretax profits in the two inventory pricing methods. While reported profits are likely to vary significantly, your true profits (before taxes) are the same. In both methods, the exact same amount of pretax cash (income and expenses) flows in and out. The only difference is the total taxes levied. FIFO followers will pay more tax dollars than their LIFO counterparts.

Furthermore, as prices climb, the difference between FIFO and LIFO users' tax payments increases correspondingly. LIFO users will be left with the increased value of work in process (materials and supplies) untaxed. This untaxed increased value is usually sufficient to pay for inventory replacement. The FIFO taxpayer does not have this advantage.

The example shown on page 73 demonstrates exactly how significant the tax savings can be for a printing firm opting for LIFO over FIFO. In both cases, all reported income and expenses are exactly the same -- with the notable exceptions of materials and federal income taxes.

Using FIFO, the printing firm with $1 million in sales values its inventory on a first-bought, first-used basis. This means that the company is reporting that the materials it places into production were purchased back when prices were lower than they are today. The $350,000 figure entered for materials will not buy the same volume of materials in the current market.

Converting to LIFO inventory, the same company saves $9,200. The printing firm reports that the materials required to produce its $1 million in sales were valued at the current (most recently purchased) market price and not necessarily at the actual price paid for them. The LIFO method shows that $370,000 worth of materials were used, some $20,000 over what the same company reported under FIFO.

The $20,000 in materials drops income before taxes down by, naturally, $20,000. In effect, the figure shows that the LIFO system leads to lower ($9,200, in this example) taxes.

Assuming that the printer is going to replace all of his used materials, his actual costs will come much closer to the $370,000 figure shown in the LIFO approach than to the $350,000 in the FIFO entry. Under FIFO, the company will have to pluck $20,000 from its after tax profits and add it to its reported $350,000 materials used in order to replace the goods; this decreases the $84,000 to around $64,000, or $9,200 less than the $73,200 produced by the LIFO method.

This $9,200 is not merely an "on paper" savings. Rather it is a cash in the bank savings achieved by lower tax payments. If material costs (most recently purchased) had increased more than the $20,000 our example indicated, it's not hard to see how an even greater tax savings would have occurred. Graphic arts firms are foolish to continue to report high profits realized under the FIFO method and should take immediate steps to convert to the accurate pretax profits enjoyed by LIFO users.

Because LIFO generally represents a change in inventory planning for graphic arts executives, questions about the method naturally arise. The following exchange is a sampling of some of the most commonly asked questions.

Q. How does a printing firm switch from FIFO to LIFO?

A. All you have to do is file Form 970 with Internal Revenue Service explaining exactly what your inventory method entails. You don't have to receive permission; you just sit back and collect the tax benefits.

Q. Wouldn't you be less likely to receive a bank loan using LIFO instead of FIFO? After all, your profits are lower!

A. Bankers are aware of the difference FIFO and LIFO make in profits. They can easily adjust, either up or down, the reported profit figures from both methods.

Q. How far back can you go when valuing inventory under LIFO? 2 years? 10 years? 50 years?

A. In the year that your conversion takes place, you use the previous year's ending inventory as your beginning. Any increases in inventory would come in beginning of the year purchases. Then, at the end of the next year you go back to that base, which is now two years old, as your starting point. If both you and your business last another 50 years, in 2034 you start your inventory with the tier that came in January 1, 1984.

Q. Do we have to keep our inventory records at these LIFO values? What good is my paper inventory and work-in-process prices at the 1975 level?

A. If you keep your cost sheet at current hourly rates and your perpetual paper inventory at current prices, you can turn your FIFO inventory over to your accountant for conversion to LIFO using the index factors.

Q. If you're going to sell your business, wouldn't you lose money by not using the FIFO system? Under LIFO, your profit is lower and the inventory on the balance sheet is lower.

A. First of all, you should operate your business as efficiently as possible -- not merely to report "fool's profits." But, if you do want to sell, you explain to your buyer how your inventory method works. Then, you sell your inventory at the currrent replacement cost and not at your LIF value.

Q. Can I price all inventories by the LIFO method including work-in-process, paper, other chargeable materials (ink, film, plates and others), and non-chargeable supplies?

A. Yes. You are talking about big dollars and in a growing firm this amount keeps increasing. The LIFO inventory reserve gets bigger and the tax saving accumulation becomes more substantial.

FIFO VS. LIFO: COMPARISON OF PROFIT AND TAXES

	FIFO METHOD	LIFO METHOD
SALES	$1,000,000	$1,000,000
FACTORY COST OF PRODUCT MATERIAL*	350,000	370,000
FACTORY PAYROLL	260,000	260,000
FACTORY EXPENSES	106,000	106,000
	716,000	736,000
GROSS PROFIT	284,000	264,000
ADMINISTRATIVE AND SELLING EXPENSES	160,000	160,000
	124,000	104,000
INTEREST	10,000	10,000
OTHER INCOME	114,000	94,000
	6,000	6,000
INCOME BEFORE TAXES	120,000	100,000
FEDERAL INCOME TAXES	34,950	25,750
AFTER TAX PROFIT	$ 85,050	$ 74,250

* COST OF MATERIAL USED

INVENTORY - JANUARY 1	$ 150,000	$ 150,000
PURCHASES	360,000	360,000
	510,000	510,000
	(320,000 lbs. @ $.50)	(320,000 lbs. @ $.4375)
INVENTORY - DECEMBER 31	160,000	140,000
COST OF MATERIAL USED	$ 350,000	$ 370,000

Using the FIFO method, this printing firm valued its cost of paper at the most recent purchase price, $.50 per pound. Under LIFO, the same firm valued its paper at the earliest purchase price, $.4375 per pound. The FIFO system generates a "fool's profit" of $10,800 over the LIFO technique, while the LIFO inventorying method saves $9,200 in taxes.

EFFECT OF GROWTH ON THE BALANCE SHEET

The balance sheet shows the financial structure in which a printing company is contained. Thus, there is a limit to the growth it will sustain. Assume the purchase of a $500,000 press. As a result:

- Cash will be reduced by a down payment of, say, $75,000.
- Fixed assets will increase by $500,000.
- Current liabilities will increase to the extent of the related note payable that matures in the next 12 months.
- Long-term liabilities will increase by the amount of the remainder of the note payable for the purchase of the equipment.
- If we assume a 140 percent relationship of sales to fixed asset investment, we can anticipate an increase of $700,000 in sales.
- These new sales will require about $50,000 in inventory, which includes raw materials and work in process.
- As there will be a 60-day collection period, you will have approximately $117,000 in accounts receivable.

Looking at a pro forma balance sheet the changes are:

Cash	-	$ 75,000
Accounts Receivable	+	117,000
Inventory	+	50,000
Machinery	+	500,000
Current Note Payable	+	95,000
Long-Term Note Payable	+	330,000

Any changes to produce growth, must be related to your balance sheet. A great deal of forethought must be given to determine whether the balance sheet can house that growth adequately. To think about it after the fact is too late.

As this article is written, the Tax Reform Act of 1984 was passed by Congress June 27, 1984 and is waiting the President's expected signature to become law. The Act is a gigantic piece of legislation designed to raise revenue to aid in reducing the national debt.

The new law touches the whole Internal Revenue Code with significant tax changes and new, complex laws. In a nutshell, taxes have been raised and tax-motivated transactions have been dampened. Almost everyone will be affected. Interspersed within the law are a few tax breaks. Hundreds of detailed provisions are involved; some are still being written. The following outline highlights some of the significant changes affecting corporations and businesses.

LUXURY AUTOMOBILES

Previously, businesses could deduct the cost of a car over a period of three years and receive an investment credit of six percent of the cost. Effective for cars placed in service after June 18, 1984, no more than $16,000 of the cost can be depreciated the first three years and the excess is to be written off at $6,000 per year. The maximum investment credit allowed is $1,000.

Example: Printemps Corporation purchases an automobile on September 1, 1984 costing $25,000 used exclusively for business and wants to claim full investment credit:

	NEW LAW	OLD LAW
Cost:	$ 25,000	$ 25,000
Investment Credit	1,000	1,500
Basis (reduced by one half of investment credit)	24,500	24,250
Cost Recovery (depreciation)		
First year	$ 4,000	$ 6,063
Second year	6,000	9,215
Third year	6,000	8,972
*Fourth year	6,000	
*Fifth year	2,500	
	$ 24,500	$ 24,250
Tax consequences		
Investment credit	$ 1,000	$ 1,500
Depreciation (46% tax rate)	11,270	11,155
	$ 12,270	$ 12,655

($385 less tax savings under new law)

* Only if automobile is still in service. In most cases the car has been replaced and the fourth year depreciation would not apply.

LUXURY AUTOMOBILES (Continued)

A. Not only has $385 in tax savings gone down the drain, but previous tax savings have been delayed. Considering the time value of dollars, the real tax benefits have been severely dampened.

B. The above example ignores the fact that the investment credit and depreciation deductions will be adjusted annually for inflation.

C. If the luxury automobile purchased was diesel-fueled, the basis of the auto would have been reduced by any amount received as an advance repayment of the increased diesel fuel tax. (Another provision of the new law raises the tax on diesel fuel from nine cents to fifteen cents per gallon effective August 1, 1984. To offset the increased tax, an advance repayment is provided.)

LEASED AUTOMOBILES

For leases of thirty days or more, the lessee cannot deduct certain percentages (tables to be issued) of his lease payments that would be equivalent to the investment credit and depreciation restrictions mentioned above. (The lessor is not affected by the investment credit and depreciation limits.)

BINDING CONTRACT

If an automobile is placed in service after June 18, 1984, but was acquired pursuant to a binding contract before June 18, 1984, the above car rules do not apply.

EXPENSING DEPRECIABLE PROPERTY INCREASES DELAYED

Scheduled increases in electing to expense certain amounts of costs of depreciable property instead of recovering it through ACRS have been postponed as follows:

	EXPENSE ALLOWED PER YEAR	
	OLD LAW	NEW ACT
1984	$ 7,500	$ 5,000
1985	7,500	5,000
1986	10,000	5,000
1987	10,000	5,000
1988	10,000	7,500
1989	10,000	7,500
THEREAFTER	10,000	10,000

USED PROPERTY INVESTMENT CREDITS

The maximum amount of used equipment presently eligible for the investment tax credit was to increase from $125,000 to $150,000 in 1985. The Reform Act freezes the amount at $125,000 through 1987; the amount will then increase to $150,000 for 1988 and thereafter.

Therefore, a printer purchasing $150,000 in used equipment in 1985 would have received a credit of $15,000 in 1985 ($150,000 x 10%). He receives only $12,500 in 1985 as a result of the new law ($125,000 x 10%).

LARGE CORPORATIONS TAX RATES

Large corporations with taxable income in excess of $1,000,000 will be taxed an additional 5%, not to exceed $20,250 for taxable years beginning after December 31, 1983.

TAX PREFERENCE ITEMS

Corporate tax preference items have been cut back an additional 5%, from 15 to 20 percent.

DEPRECIATION/INVESTMENT TAX CREDITS (BUSINESS PERSONAL PROPERTY PLACED IN SERVICE AFTER JUNE 18, 1984.)

- Passenger automobiles (or other property used as transportation)
- Computers (not used exclusively at place of business)
- Property used for recreation or entertainment
- Other property to be specified by IRS regulations

If any of the above listed property is used for business 50 percent of the time or less, NO invesment credit is allowed and depreciation used for the business portion MUST be straight-line as follows:

	STRAIGHT-LINE PERIOD
Three year property	5 years
Five year property	12 years
Ten year property	25 years

For example:
An employee of Printemps Corporation bought a home computer system which cost $10,000 in July 1984 to be used for business purposes. He discovered at the end of the year that only 45 percent of the computer use was for business. The tax consequences on his personal income tax return are as follows:

	NEW LAW	OLD LAW
Investment credit	$ -0-	$ 450 (45% x $10,000 x10%)
ACRS depreciation on business Portion		
Method	Straight-line	Rapid
Years to write off	Twelve years	Five years

DEPRECIATION - REAL ESTATE

New or used real property, other than low income housing, placed in service after March 15, 1984, is to be depreciated over not less than eighteen years under tables to be prescribed by the Treasury. The original ACRS law was fifteen years.

The taxpayer may elect straight-line ACRS allowances over a period of eighteen, thirty-five and forty-five years. If the ACRS prescribed tables are used, the excess depreciation on eighteen year real property over straight-line depreciation is a tax preference item.

TARGETED JOBS CREDIT

The targeted jobs credit has been extended from December 31, 1984 to December 31, 1985. A printing company could benefit $4,500 in credits over a period of two years if employees are hired within the targeted groups on or before December 31, 1985.

COST OF LIVING ADJUSTMENTS IN PENSION PLAN LIMITATIONS

Cost of living adjustments on dollar limits on contributions and benefits under qualified plans, tax sheltered annuities and SEPS have been postponed until 1988.

HOLDING PERIOD FOR STOCK DIVIDENDS RECEIVED

The act increases the holding period from sixteen to forty-six days for stock dividend received deductions.

RECORDS/LOGS TO BE KEPT

Beginning in 1985, record keeping is a must. Taxpayers are required to maintain adequate "contemporaneous" records to uphold the following expenses:

- Travel expenses
- Entertainment expenses
- Business gifts
- Depreciation or investment tax credits claimed for:
  - Computers
  - Automobiles or other transportation vehicles
  - Property used for entertainment or recreation
  - Other property to be specified

The records must accurately substantiate the business uses and purposes of the deductions or no credit or deduction is allowed. If taxes are underpaid due to unsupported "contemporaneous" records, the taxpayer is subject to the negligence penalty and possibly the fraud penalty.

THE VALUE OF TAX PLANNING

Tax planning. What is it? What purpose does it serve? How is it done? And, who should do it? These are all questions that business people should be able to answer comfortably. Surprisingly, however, while most business people do, indeed, know the answers, very few of them make any real conscious effort to put tax planning into their decision making process.

Tax planning is the evaluation of the tax effect of a transaction. As such, it is a highly important aspect of deciding whether or not a transaction should be accomplished. The following example illustrates what can happen when tax planning fails to enter into the decision making process.

> A company's management decided to trade in an automobile that it had purchased 2 years 10 months ago for $15,000. When the company's independent accountant conducted the monthly review of the company's books, he asked the controller why they traded the car when they did. The controller replied, "The President wanted a new car" and then asked the accountant why he wanted to know. The accountant explained that by not waiting an additional two months, the company will have to pay an additional $300 in federal income taxes because of an investment tax credit recapture on the auto that was traded in.

The question, of course, is "Why did this happen?". Obviously the company did not take the tax effect of the transaction into consideration when purchasing the new car. It did not use proper tax planning. If the company's management had either understood the tax effect of their decision or called their accountant to explain it to them, chances are they would have made a wiser decision. Delaying the transaction for two months was all that was needed to save the $300 in taxes.

While the foregoing may be a simplistic example involving a relatively small amount of money, small items tend to turn very quickly into large dollars having a substantial impact on a company's net income. Imagine the impact of selling or trading a printing press before the investment tax credit is fully realized. Given the purchase price of a press, it is easy to see how the dollar impact of an improper decision could range into the thousands of dollars if the tax effect is not considered.

Thus we can readily understand the importance of tax planning. Tax planning keeps more of the money generated in a transaction in company coffers. One should never lose sight of the fact that while taxes must be paid, there is nothing to prevent anyone from minimizing those taxes to the fullest extent allowed by law. Minimizing taxes, however, takes proper tax planning.

Almost every business decision has tax consequences, but managers seldom take these consequences into account. Generally, the reason is that the people involved simply do not understand tax implications and so, have little knowledge of how to reduce their tax on a given transaction. Also, many decisions are made hurriedly, with next to no thought given to what may happen at the end of the year. The latter is probably the cause of many more high tax bills than is managers' lack of understanding. The "how-to" of tax planning is relatively easy, although complex tax laws can make it a time consuming process.

The initial step in tax planning always involves obtaining all of the necessary information on the transaction in question. The transaction may be setting up a new business (deciding what type of entity it should be), the acquisition of new equipment (whether to lease or purchase new or used equipment), the purchase of real estate, or the disposition of marketable securities. These are only a few of the decisions which must be made and each can be handled in different ways to produce different tax results.

Once all the information is gathered, the next step is to examine the effects of various ways of structuring the transaction. Some alternatives, such as the example of trading in an automobile, are easy to evaluate; others may take more time and a great deal of study. Consider, for example, evaluating how to structure a merger or acquisition. This is a highly complex area that demands professional help. One mistake could mean paying a large sum of money in taxes that would otherwise not have to be paid. In careful tax planning, it is necessary that all of the possibilities be researched. A number of resources are available for this research. Among the most important is the Internal Revenue Code. The code, however, is really only a starting point for further research. Because it is so complex, interpretations of code provisions and the effect of the interaction between code sections on a situation is often better understood by going to other sources. It may also be necessary to study the legal history of a particular situation to determine how the courts view certain Internal Revenue Code provisions. All of these factors may enter into the final structuring of a decision. Because of other factors such as economics or timing, the end result may still not yield the lowest tax liability. However, by evaluating the tax effect, most companies will pay a considerably smaller tax than they would have if they had done no tax planning at all.

It should be noted that tax planning involves more than just immediate or short term results. The large volume of tax legislation passed in recent years have contained a number of provisions that effect the long range tax liability of certain transactions particularly in the area of depreciation of real estate. Anyone contemplating a transaction that involves real estate should seek professional advice.

In summary, tax planning should be a vital and integral step in the decision making process. To minimize tax liabilities, it is absolutely essential.

ON THE ROAD TO RECOVERY - STRATEGIES FOR BETTER COSTING AND PRICING

Economic conditions have forced business managers to seize tighter control of their costing and pricing strategies. Even though recent industrial trends show large printers relatively unaffected by recessionary pressures, the majority of medium to small size printing firms have not been as fortunate. These firms have been ravaged by both inflationary and recessionary elements. We are told that the economy is now on an upturn. If this is, indeed, true then the time is right for printing managers to take hold of this situation by employing updated costing and pricing strategies.

REPLACEMENT COSTS

The average printer is spending approximately 37 percent of sales on material. Needless to say, printers cannot use yesterday's costs to determine today's pricing. Yet, while this simple statement may sound obvious, the fact remains that the majority of printers do calculate prices based on outdated costs.

With costs continuously changing, printers must be ready, at all times, to update their costing and pricing systems. Furthermore, to price jobs profitably they must be able to anticipate what those cost increases will be. Herein lies the problem. With material and supply costs climbing at a fast pace, determining exact figures for these costing components proves difficult. The NIFO (Next-In, First-Out) method for material costing insures that a printing firm's costs for a job will be reported so as to allow for adequate funds to replace the goods used to produce the work.

Using the NIFO method, if you were to cost a job which required paper purchased at 43 cents per pound; film at $1 per sheet; and plates at $5, you would look ahead to what the replacement cost of these materials will be before you cost and price the work. If today's prices indicate that paper has jumped to 48 cents; film to $1.50; and plates to $5.50, then these are the figures you would use to calculate both your costs and your final price.

Pricing and Costing Utilizing Replacement Values

Original Purchase Price	Current Price To Replace
Paper @ $0.43/lb.	$0.48
Film @ $1.00	$1.50
Plates @ $5.00	$5.50

According to NIFO, you cost and price at:

Paper	Film	Plates
$0.48	$1.50	$5.50

Remember, the purpose of your cost and accounting system is to give you a clear picture of the ongoing financial operations of your business. The more accurate this picture is, the more intelligently you can price your printed product. Any system that does not provide for the replacement of materials and supplies will dig directly into your profits on the job.

UPDATED HOURLY COST RATES

Another factor with tremendous impact on costing and pricing is hourly cost rates. These production cost calculations must be scrutinized at increasingly close intervals as your costs of doing business climb.

Since the foundation of budgeted hourly rates is an analysis of current operating expenses and anticipation of increased expenses, profitable and competitive rates need to be continuously updated to compensate for present economic woes. The old theory of determining hourly costs once a year can be thrown out the window. Under today's inflation rate, your hourly rates should be calculated on a quarterly basis in order to reflect true operating costs.

INCREASED PRODUCTIVITY

Although increasing costs are a fact of life for today's printers, correspondingly increasing prices are not. The prime weapon graphic arts firms have to battle inflation with is productivity. Printers should take a close look at how improving productivity will lower the cost per unit and thus offset the devastating effects of inflation. Innovations are available in both management and technology that can give a big boost to productivity. Printers who do not keep pace with these innovations may well find higher costs driving them out of competition.

If your cost per hour of production is, say, $40 and you produce 5,000 units per hour, then your costs are $8 for each 1,000 units. Operating under 13 percent inflation for a period of three years, these same 5,000 units would cost $57.72 per hour, and total $11.54 per 1,000 units. (See illustration below.) This $3.54 per thousand increase may dump a printer out of the competitive market.

Assuming cost per hour cannot be changed, a graphic arts firm may well be stuck with the higher $57.72 cost per hour figure. But units produced can be improved. It is a rare (or not truthful) printer who can honestly say he cannot increase units produced per hour. In our example, a 2,215 boost in units produced each hour would lower the cost per unit back to the original $8 per thousand. Even though this entire increase may be unachievable, it is remarkable how much productivity can be increased if you set your goal and keep to it.

Increased Productivity Keeps Cost Per Unit Down

	Cost Per Hour ($'s)	Units Produced (Per Hour)	Cost Per Unit ($'s/M)
Base	40.00	5,000	8.00
13% Increase Per Year for Three Years	57.72	5,000	11.54
Objective to INCREASE Units Produced	57.72	7,215	8.00

To implement this increase in units produced per hour may involve the purchase of new technology, a production improvement program, or merely an investment in higher quality materials. But often the increase can be instituted without any added capital at all.

Printers today must be ready to investigate all and any avenues that might lead to increased productivity. By doing so, they will be better prepared to offset the potentially crippling effects of inflation. Tighter controls must be maintained in all aspects of the business. Accounting systems must insure that all costs are reported and that costs and prices are geared to the continuation of healthy operations. Then, printing firms should be on the road to recovery.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1984 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1985 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director
PIA Financial Services

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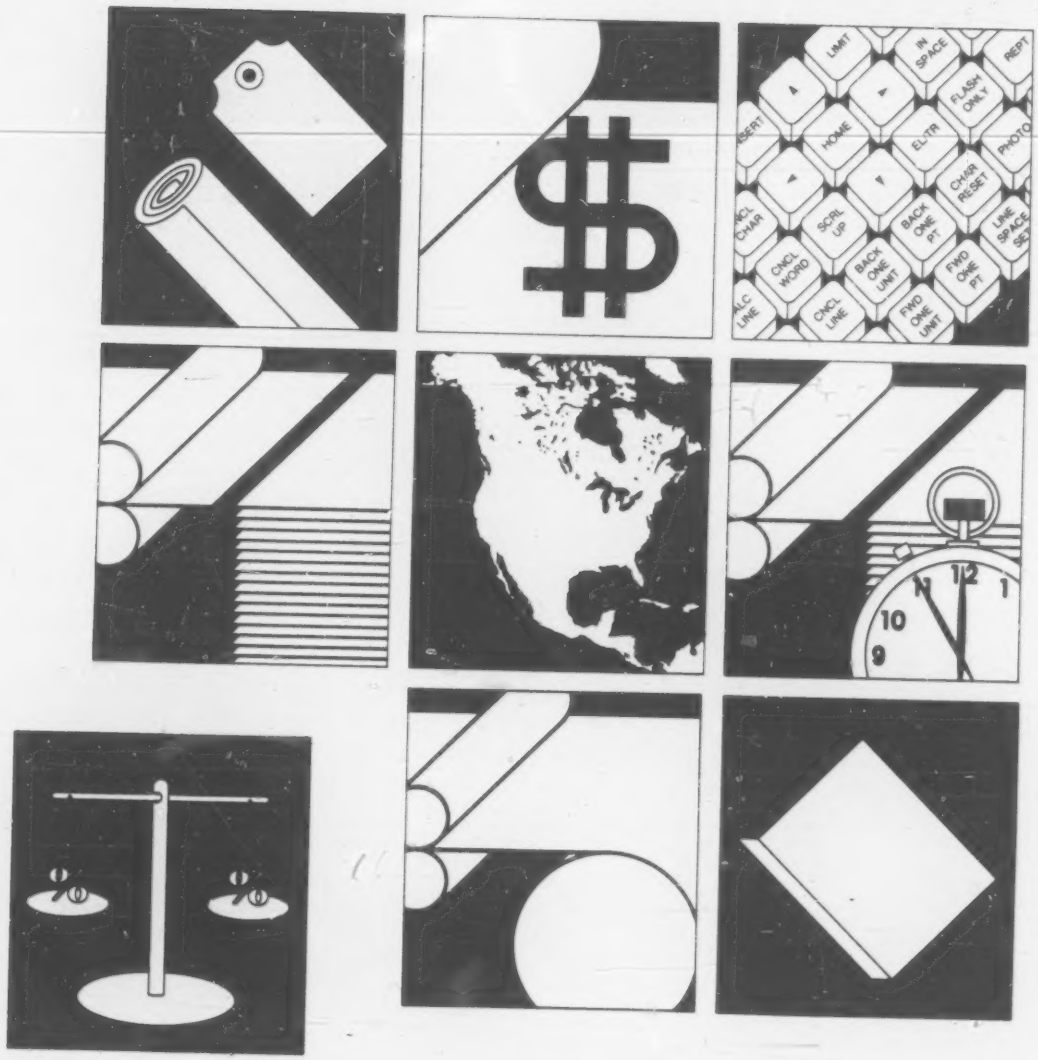
PIA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



Volume I

1985 MANAGEMENT GUIDE TO THE PIA RATIO STUDIES

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
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- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

For further information, contact:

PIA Financial Services
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703/841-4805

PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

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(703) 841-8144

62nd annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1985

MANAGEMENT GUIDE TO THE PIA RATIO STUDIES

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1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to the address above.

Dear Member of the Graphic Arts Community:

The annual PIA Financial Ratio Study is the most comprehensive survey available on the financial health of the graphic arts industry. To help you use the study effectively, it is our pleasure to present to you this management guide.

The guide is divided into three sections. General information about the ratios is included in the first section. The second section includes step-by-step procedures to analyze the financial statements and important relationships inherent to the study and to prepare an analysis of your own financial statements. Meaningful financial topics relative to the graphic arts field supplement the guide and comprise the third section.

We believe strongly in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling the 1985 PIA Financial Ratio Study.

H. R. Margolis Company
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Bala Cynwyd, Pennsylvania

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SECTION 1 - BACKGROUND ON THE RATIO STUDIES

THE PIA RATIO STUDIES - STANDARDS OF COMPARATIVE ANALYSIS FOR THE PRINTING INDUSTRY

These PIA Ratio Studies give printing managers standards of comparative financial analysis by which to determine their company's position in the printing industry. Using the information from the ratios, printing managers can decide which of their company's policies to maintain, which to eliminate and which to improve in order to increase profits.

The Ratio Studies are organized into 13 individual studies, each in the form of its own booklet. Each booklet allows printing managers to compare their company's financial operations with the financial operations of other companies, including the industry's Profit Leaders. The 13 booklets are:

- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers - Heatset
- Web Offset Printers - Non-Heatset
- Combination Offset - Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

The kind of quantitative information that can be drawn from these studies provides valuable insight in identifying a company's strengths and weaknesses and in trying to answer questions such as:

Are my expenses too high in relation to sales?
Is there too little or too much inventory in stock?
Am I producing enough value added sales?
Can we meet our debts as they mature?
Are our customers' receivables being collected promptly?
Should we increase our selling prices?
How can we increase our profits?

The value of the Ratio Studies to printing companies depends largely on how effectively they are used. The purpose of this management guide is to help printing managers make the fullest use of the Ratio Studies in analyzing and interpreting relevant financial information.

This guide is made up of three sections. Section 1 introduces the ratios and discusses the three basic steps in using them -- set-up, comparison, and analysis. Section 2 expands upon the analysis and explains the relationship of the ratios to critical concepts in the financial management of printing companies. Section 3 addresses several topics of current, but more general, concern to the printing industry.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed according to a method of relative or common size. With this method each company's dollars are converted into a percentage for each category of cost and expense using sales as 100%. These percentages are then totaled and divided by the number of firms in the same category. This method avoids what is known as self-weighting, a common pitfall when dealing with information from companies of various size thus giving each company equal weight regardless of its size.

The following example illustrates how this method of calculation eliminates the problem of the ratios giving inordinate weight to very large firms.

			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

ALL FIRMS DEFINED

The term "All Firms" is used in two different ways in the PIA Ratio Studies. Sometimes it refers to all 879 printing firms participating in the studies, including the industry's Profit Leaders, during the past year. At other times it applies to "All Firms" in a given category -- for example, the firms in the sales class from $500,000 to $1,500,000.

PROFIT LEADERS DEFINED

In the printing industry, firms that earn 8% or more income before taxes as a percentage of sales are known as "Profit Leaders". In recent years, about 20% of the firms participating in the Ratio Studies achieve this distinction.

Historically, Profit Leaders have averaged a pretax profit of approximately 12%. This is 4% above the minimum criterion. One assumes, then, that the relevant range of profitability of Profit Leaders is from 8% to 16% of sales.

	1981	1982	1983	1984	1985
Percentage of All Firms that are Profit Leaders	27.10%	25.20%	18.20%	20.40%	20.10%
Profit Leaders' Income before Taxes	11.88%	12.15%	12.08%	11.90%	11.79%

Over the years, 8% or more pretax profit on sales has become an accepted and valid criterion for identifying Profit Leaders in the printing industry. The reason is, in part, due to the strong correlation of sales to assets employed throughout the industry, and that a profit of 8% on sales produces a respectable Return on Investment (ROI). (For a more detailed study, see Section 2.)

PIA Ratio Studies show that the average ROI of Profit Leaders in this past year was 15.65%. Since ROI is one of the most comprehensive measures of profitability, it is a good criterion for determining Profit Leaders. Most printers, however, still relate profit to sales rather than to investment, and so, the pretax profits criterion as a percentage of sales is, at least for the present, the standard used for these studies.

The ultimate objective of the printing manager in using financial comparative analysis, such as is presented in the PIA Ratio Studies, is to obtain qualitative information about the printing industry. He can then make good economic decisions for his business, and increase his printing company's profits. Generally, a printing manager wants to know.....

Are my expenses too high in relation to my sales?
Do I have too little or too much inventory in stock?
Am I producing enough Value-Added Sales?
Can we meet our debts as they mature?
Are our customers receivables being collected rapidly?
Should we increase our selling prices?
How Can We Increase Our Profits??

The PIA Ratio Studies have historically provided insights for answering these and other questions, but only when used effectively. The effective use of the Ratio Studies is the subject of this management guide.

PURPOSE

Year after year, the PIA Ratio Studies have proven that companies with vastly different sales volumes and that fall into many different categories can attain profits. Guiding you to higher profits is the primary purpose of the annual PIA Ratio Studies. Throughout the Studies, there is relevant financial information designed specifically for your graphic arts firm. The key is knowing how to use these studies effectively. There are three basic steps in using the Ratios: set-up, comparison and analysis. Each of these is discussed below.

I. SETTING UP A CHART OF ACCOUNTS

A chart of accounts is your framework for collecting and recording financial data. With a well-designed chart of accounts, you can easily extract all the information you need to compare your firm's financial performance with those of the industry's Profit Leaders.

A chart of accounts has other purposes as well. For example, a detailed chart of accounts can help you make more accurate hourly cost rate computations. It also puts at your fingertips valuable information for managing your budgeting and forecasting.

But one of the most important things to remember about a chart of accounts is that if it isn't designed for a printing firm, it probably isn't very useful. What's more, a chart of accounts designed for any printing firm won't do. You need one designed just for you.

To provide for the collection of as much information as possible, a chart of accounts should segregate factory, selling and administrative expenses. It also should break down each of its major classifications into component parts. Thus, for example, your Material Costs would be divided into paper, ink, film, plates

and other chargeable materials and outside services. Outside services would be further broken down into art, composition, offset preparation, printing, bindery and other. However, this does not mean that these are the only classifications, or that all the classifications are appropriate for all printing firms. If one printer has an in-house bindery and another sends its bindery work outside, their chart of accounts would reflect this difference. For the most part, however, you will find that the general format presented here for organizing a chart of accounts applies to your company as well.

IDENTIFY FUNCTIONS, DEPARTMENTS AND COST CENTERS

A useful chart of accounts is patterned after your company's organizational structure. First of all, identify your company's major functions, departments and cost centers. It may also be helpful to make a flowchart of how items are processed through your present system. This kind of preliminary planning avoids the problems inherent in the chart of accounts in Example 1. Because this company's accounts are not based on its organizational structure, the only relevant information management has to work with is the profit figure. There is no other data with which to identify problem areas or evaluate the company's operations.

EXAMPLE 1 - HOW NOT TO CHART ACCOUNTS

SALES		$5,420,000
EXPENSES		
Wages	$1,788,600	
Materials	1,242,800	
Other Materials	732,200	
Factory Expense and Maintenance	277,900	
Utilities, Electric	21,300	
Delivery	59,000	
Travel	48,200	
Advertising	26,100	
Telephone	26,600	
Insurance	30,900	
Office Expense	139,800	
Bad Debts	21,700	
Heat	38,300	
Employee Benefits	142,500	
Miscellaneous Expense	72,600	
Commissions	149,000	
Sales Discounts	39,400	
Depreciation	166,400	
Rent	124,200	
Taxes	153,900	5,301,400
		118,600
OTHER INCOME		
Discounts Taken	92,300	
Other Income	45,500	137,800
PROFIT BEFORE INCOME TAXES		$ 256,400

IDENTIFY INCOME AND EXPENSES

Next, it is necessary to detail each type of income and each type of expense incurred. Let us assume that you are a medium size printer. According to the organizational structure illustrated in Example 2, the medium printer has administrative, selling and factory departments. The factory department is segregated into cost centers for pre-press, press, bindery and shipping. The pre-press cost center would then be further broken down into art, composition and camera cost centers.

LIST ACCOUNT CLASSIFICATIONS

The next step in developing your chart of accounts is listing your account classifications. These classifications should conform to those in the PIA Ratio Studies and be arranged in a similar format. Remember, detail is essential here.

SAMPLE CLASSIFICATIONS IN A PRINTING COMPANY'S CHART OF ACCOUNTS

Current Assets

Cash in bank
Cash on hand
Accounts receivable
Allowance for doubtful accounts
Other receivables
Inventory
- Work in progress
- Paper
- Other chargeable materials and departmental supplies

Prepaid expenses
- Insurance
- Interest
- Officers' life insurance
- Taxes and other

Loans and exchanges

Current Liabilities

Notes payable
Accounts payable
Employees' federal withholding tax
Employees' and accrued FICA
Employees' local tax withheld
Employees' state tax withheld
Accrued state unemployement tax
Sales tax collected
Estimated state and federal income taxes payable
Accrued
- Business taxes
- Interest
- Payroll
- Vacation payroll
- Other

Shareholders' Equity

Common stock
Preferred stock
Paid-in surplus
Retained earnings
Dividends paid
Treasury stock

Income

Sales
Sales returns and allowances
Sales discounts

Cost of Printing Produced

Materials
- Purchases
  - Paper
  - Ink
  - Film
  - Plates
  - Other materials
- Outside services
  - Art
  - Composition
  - Offset preparation
  - Printing services
  - Bindery
  - Other
- Purchase discount

Factory labor
- Direct labor
- Indirect labor
- Supervision
- Employees' benefits - factory
- Payroll taxes - factory

SAMPLE CLASSIFICATIONS IN A PRINTING COMPANY'S CHART OF ACCOUNTS
(Continued)

Cost of Printing Produced
(Continued)

Factory expenses
- Factory depreciation
- Factory supplies and expenses
- Heat, light and power
- Postage and freight
- Real estate taxes
- Rent
- Repairs and Maintenance
  - Buildings
  - Equipment
- Vehicle expense

Administrative Expenses

Accounting and legal
Bad debts
Collection expenses
Computer services
Contributions
Depreciation - administrative
Dues and subscriptions
Employees' benefits - administrative
Office salaries
Office supplies and expenses
Officers' life insurance
Officers' salaries
Payroll taxes - administrative
Postage
Taxes - business
Telephone

Selling Expenses

Advertising
Auto expenses - selling
Depreciation - selling
Employees' benefits - selling
Gifts and flowers
Payroll taxes - selling
Sales office expenses
Sales salaries and commissions
Sales and travel expenses

Interest Expense

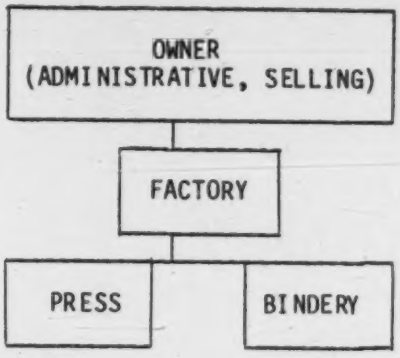
(Interest expense is the only account in this category, but it is, nonetheless, an essential account.)

Other Income - Expense

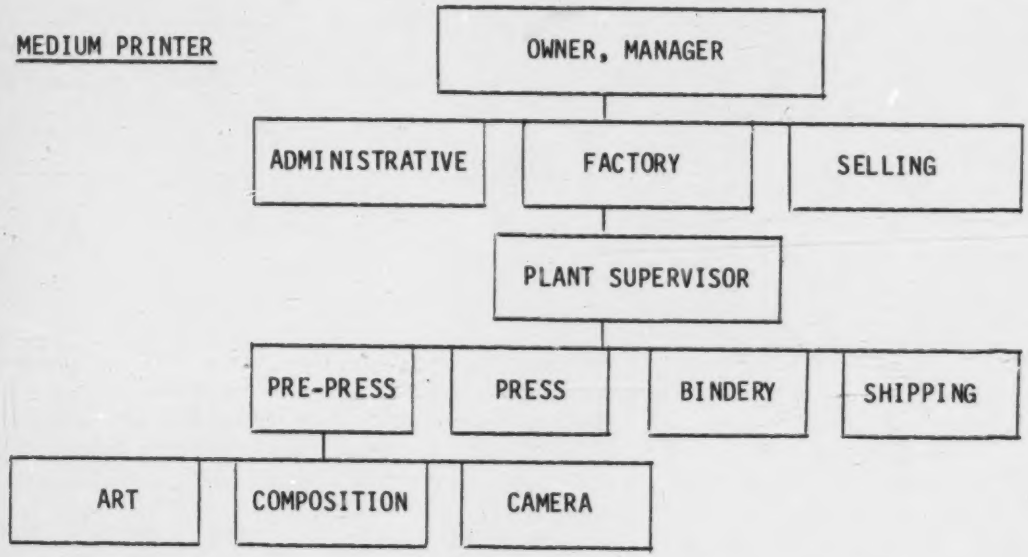
Interest income
Gain or loss on sale of fixed assets
Other income
Other expense
Provision for state and federal income taxes

EXAMPLE 2 - ORGANIZATIONAL CHARTS

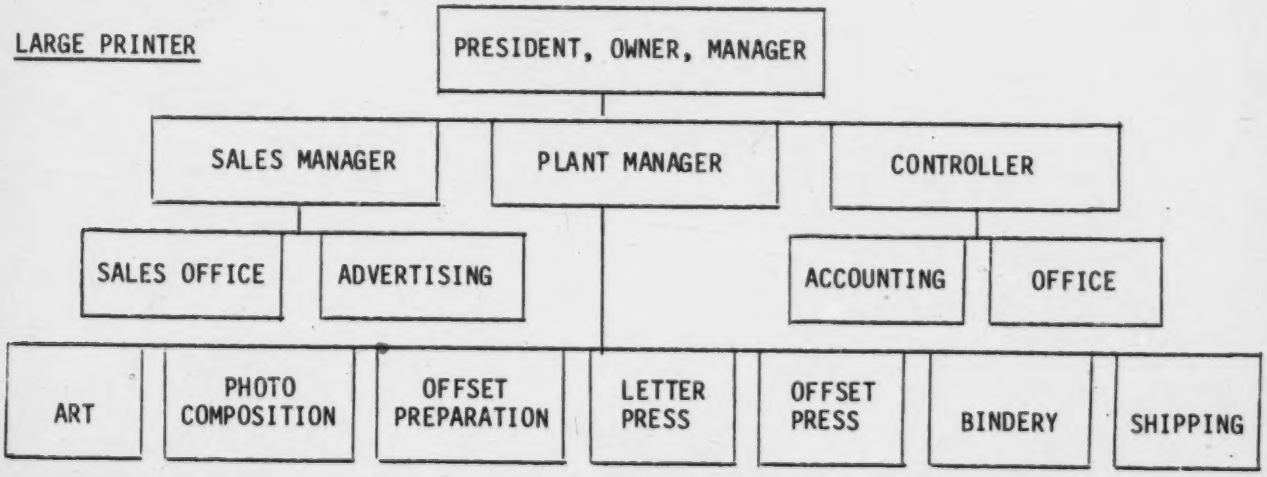
SMALL PRINTER



MEDIUM PRINTER



LARGE PRINTER



SEGREGATE DUTIES

To illustrate the process we will concentrate on one expense -- PAYROLL. Use your payroll records to identify each employee's job function. Then organize the functions appropriately (based on the organizational chart) into factory employees, administrative employees and selling employees. Also, organize payroll related expenses (payroll taxes and employee benefits) in the same way.

Identifying job functions of factory employees is not very difficult, but it does take more planning because this is where the bulk of your employees work. Furthermore, this is where your company's work is accomplished. As an example, we will assume that your payroll records have identified 15 factory employees. Their job functions are as follows:

JOB POSITION OF FACTORY WAGE EARNERS

1. Plant Supervisor
2. Shipping Clerk
3. Truck Driver
4. Artist
5. General Help
6. Pressman
7. Pressman's Apprentice
8. Proofreader
9. Compugraphic Operator
10. Stripper
11. Pressman
12. Cutter
13. Folder
14. Hand Binder
15. Cameraman

Now, match up each job with the corresponding cost center in the organizational chart. You will note that there is a separate job function for general helpers, shipping clerk and the truck driver. General helpers are used in almost every cost center. Cost-benefit analysis comes into play here. Their work cannot be directly chargeable to a certain job; therefore their payroll expenses should not be classified as a direct labor function. The same principle holds true for the shipping clerk and the truck driver. These employees should be classified as indirect labor since they are responsible for general factory duties. (The PIA Standard Classification of Accounts itemizes these wages as: a) General Factory Salaries and Wages and b) Packing, Shipping and Delivery Wages.)

HOW TO CHART THE ACCOUNTS

Referring to the PIA Standard Classification of Accounts, we will now chart your Factory Payroll accounts using the information obtained by identifying functions and segregating duties. This is the result:

EXECUTIVE SALARIES.....	Plant Supervisor
INDIRECT WAGES	
PACKING, SHIPPING AND DELIVERY WAGES.....	Shipping Clerk
.....	Truck Driver
GENERAL FACTORY WAGES.....	General Helper
.....	Maintenance
DIRECT WAGES	
PRE-PRESS	
ART.....	Artist
COMPOSITION.....	Compugraphic Operator
	Proofreader
CAMERA.....	Stripper
	Cameraman
PRESS.....	Pressman
.....	Pressman's Apprentice
BINDERY.....	Cutter
	Folder
	Hand Binder

Combining departmental wages for your Factory Payroll section of the Statement of Income would result in the following:

FACTORY PAYROLL	
Executive salaries	$XXX
Direct wages	XXX
General factory wages	XXX
Packing, shipping and delivery wages	XXX
Payroll taxes	XXX
Employee benefits	XXX
TOTAL FACTORY PAYROLL	$XXX

This illustration has concentrated on Factory Payroll only. Other expenses and revenues should be identified, segregated and charted according to relevant cost centers in your organizational chart. The result will be an organized Chart of Accounts from which you can draw information for meaningful financial statements.

II. COMPARE

In order to compare the financial information in your chart of accounts with the PIA Ratio Standards, there must be some kind of a common denominator. If you convert dollars into percentages, you will have that common denominator. The results will be percentile statements called "common size" statements. Dollar amounts are different for each firm; "common size" statements are comparable because every company's base is the same - 100% of sales, value added, or total assets.

Now, you are ready to compare the percentage derived from your company's chart of accounts with those of PIA. Your Company's outside services costs of $331,600 may be good, bad or indifferent, but outside services costing 8% of sales suddenly becomes meaningful when compared to a target range established by Profit Leaders (see Example 3).

EXAMPLE 3 - REPORT ON OPERATIONS

	YOUR COMPANY		PIA PROFIT LEADERS	DIFFERENCE
	DOLLARS	"COMMON SIZE" OR % OF SALES	"COMMON SIZE" OR % OF SALES	MORE (LESS)
SALES OR VALUE OF PRODUCT PRODUCED	$4,000,000	100.00%	100.00%	-
FACTORY COST OF PRODUCT				
MATERIAL				
Paper	926,800	23.17	23.26	(0.09)%
Other chargeable materials	218,400	5.46	5.54	(0.08)
Outside services	331,600	8.29	6.79	1.50
TOTAL MATERIAL	1,476,800	36.92	35.59	1.33
FACTORY PAYROLL	1,075,200	26.88	24.81	2.07
FACTORY EXPENSE	511,200	12.78	11.81	0.97
TOTAL FACTORY COST OF PRODUCT	3,063,200	76.58	72.21	4.37
GROSS PROFIT	936,800	23.42	27.79	(4.37)
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	404,400	10.11	8.92	1.19
Selling expenses	328,000	8.20	6.92	1.28
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	732,400	18.31	15.84	2.47
INCOME BEFORE INTEREST EXPENSE	204,400	5.11	11.95	(6.84)
Interest expense	79,600	1.99	1.35	0.64
OPERATING INCOME	124,800	3.12	10.60	(7.48)
Other income	28,000	0.70	1.30	(0.60)
INCOME BEFORE INCOME TAXES	$ 152,800	3.82%	11.90%	(8.08)%

PICK YOUR CATEGORIES FOR COMPARISON

The PIA Ratio Studies allow you to compare your "common size" statements or percentages with those of other firms in several different ways. You may, for example, compare your percentages with those of all firms in a particular category -- sales volume, product specialty, etc. -- or with Profit Leaders only. The illustration below lists the categories of possible comparisons. Whichever comparison you choose, keep in mind that there may be other outside factors influencing your firm's position in the industry. The Ratio Books suggest what these other relevant factors may be so you can refine your analysis.

CATEGORIES FOR COMPARISON

SALES VOLUME - Ratios and statistics are presented in six categories:

Sales to $250,000	$1,500,000 - $5,000,000
$250,000 - $500,000	$5,000,000 - $10,000,000
$500,000 - $1,500,000	Sales over $10,000,000*

* A separate PIA Ratio Book LARGE PRINTING FIRMS' RATIOS breaks down this sales category as follows:

$10-20 million	$40-80 million
$20-40 million	Sales over $80 million (if applicable)

PRODUCT SPECIALTY - Companies producing similar products usually confront similar problems. Percentages from companies with over 50% of their sales volume in key market areas are presented in the following categories:

Commercial and Advertising	Label
Magazine and Periodical	Book
Newspaper	Typographers
Packaging	Binders
Financial	Preparatory Specialists
Direct Mail - Catalog	Quick Printers
Directory	

PROCESS - Comparisons of firms using the following predominant process provide significant information:

Sheetfed Offset
Web-Fed Offset - Heatset
Web-Fed Offset - Non Heatset
Combination Sheetfed and Web-Fed Offset

GEOGRAPHIC AREA - Significant financial information for comparison can be drawn from companies working in the same economic environment. The Ratio Studies break down geographic regions as follows:

New England and Upstate New York	Chicago Area
Metropolitan New York and New Jersey	West North Central
Eastern Pennsylvania, Maryland and D.C.	Plains and Mountain States
Southeast Atlantic	Pacific Southwest
East North Central	Pacific Northwest
South Central	Canada

Identify which of the aforementioned categories reflect your company's operations and compare your results with theirs. You will then be ready for the next and most important step in the meaningful use of the ratios: ANALYSIS. Analysis will help you identify any problem areas in your company as well as point out profitable areas that you will probably want to maintain.

III. ANALYSIS

One reason for analyzing the financial picture of your printing business is to determine its overall position in the printing industry. However, that is not the only reason. Comparing your company with others in the industry enables you to determine which financial operations should be maintained at their current level and which should be improved in order to achieve your profit objective. Comparative financial analysis should be broad, so it is important to evaluate all of the ratios together, not individually. Moreover, your financial analysis should incorporate an examination of ratios over a period of time and include a comparison of results with trends in the printing industry.

Evaluate Ratios Collectively, Not Individually

Individual ratio results may be useful indicators of the health of one particular aspect of your printing company but they do not provide you with truly significant financial information. Each ratio should be viewed in light of other ratios and facts concerning your company. For example, increases in depreciation expense and interest expense percentages from the income statement may be alarming, at first glance. An analysis of the balance sheet, however, may show that such alarm is unwarranted. Top management may have long range profit planning goals effected by plant expansion (increase in assets) funded through attractive debt-financing (increase in liabilities). A slow, outdated press may have been replaced by a new, more efficient one. Deeper analysis into the income statement may reveal that the company's income tax rate was lowered by investment tax credits and accelerated depreciation on the new press. Therefore, do not take one ratio out of context. Make your analysis broad enough to encompass all of your financial results.

Observe, Assess, Monitor

Observing your ratios over a period of time will produce a number of meaningful trends upon which a printing manager may wish to act. Monitoring ratios over a period of time also helps see if the action taken was, in fact, appropriate.

Trend Analysis

Although the primary purpose of examining printing industry ratios over a period of time is to analyze your firm's strengths and weaknesses, it may be possible that if one of your company's ratios is way "out of line", there is nothing you can do to improve it. This is especially true if the whole printing industry is experiencing a slump in a particular area. Furthermore, if industry trends should be showing improvement, any action on your part may be countereffective. For example, when paper costs soared nationwide, a printing manager's hasty decision to lower inventories may have proven disastrous when shortly after the price increase, the supply of paper became scarce. In this case, the inadequate inventory would have disrupted production and resulted in lost accounts, soaring operating expenses, and even more reduced profits.

Remember, trends are only clues and should be observed in concert with other concrete facts. Also, remember that other factors out of the industry's direct control may cause trends in one direction to reverse at anytime.

Assess The Printing Industry

Comparing financial relationships between your printing firm and the PIA Standards provide crucial facts for sizing up your company's performance in relation to the industry as a whole. The next section of this booklet provides detailed information on effectively using the PIA Ratio Studies' results. This information is designed to enable printing management to begin their consideration of how to improve those areas that need attention most.

SECTION 2 - ANALYSIS OF THE RATIOS

VALUE ADDED - WHY IT'S IMPORTANT

If your company's sales are the same or even higher than they were last period but profit is down, clearly, something is wrong. In all probability it is your Value Added, or inside sales. Too often, however, management is not familiar with the concept of Value Added and fails to recognize it as the root of the problem.

VALUE ADDED DEFINED

Value Added is a technical term for sales of a company's own manufacture. It is calculated as sales less cost of materials and outside purchases.

SALES		$100
LESS: MATERIALS		
Paper	$22	
Other chargeable materials	6	
Outside services	7	35
VALUE ADDED		$ 65

VALUE ADDED MAXIMIZES PROFIT

By neglecting Value Added, printing firms pass over a valuable accounting procedure for maximizing profits. Of course, there can be reasons other than inattention to Value Added for a company's poor operating performance. However, time and time again, poor operating performance stems from failure to heed this one basic principle of accounting: Profit is achieved from sales of a company's own manufacture.

UNDERSTANDING VALUE ADDED

Since Value Added is the residual of sales less cost of materials, this value, provided by your own manufacture, is all you have available to pay your other expenses, including factory labor, factory expenses, administrative expenses, selling expenses and interest. Generally, within a relevant range of operations, these expenses behave as fixed costs and so, their "overhead" remains practically constant. Therefore, you want to maximize your Value Added. This is different from the basic "cost sheet concept" usually applied in the printing industry.

The following example illustrates the effect on operating income when we increase the Value Added derived from $1,000,000 of sales from $635,600 to $675,000. To simplify our example we will assume that "overhead" (factory labor, other factory, administrative, selling and interest expenses) will remain the same. Actually, though, they would increase, but very little. We are taking this liberty to prove the point that, within this relevant range, these expenses behave in a fixed manner. Furthermore, since full-service printing is a highly fixed cost operation, this helps to understand the effect of Value Added on printing profits.

	Original	After Increase in Value Added
SALES	$1,000,000	$1,000,000
Cost of Materials	364,400	325,000
VALUE ADDED	635,600	675,000
"Overhead"	591,000	591,000
Operating Income	$ 44,600	$ 84,000

THE BETTER STATEMENT

Statements of Operations are more meaningful when prepared on the basis of Value Added. In this type of presentation, management starts its financial analysis with Value Added instead of with sales volume. Too often, printers tend to look to sales as the sole criterion of profit when, in fact, Value Added is always the better indicator. For example, both of these results are possible for a printing operation in a given month:

	Result A	Result B
SALES	$125,000	$ 90,000
MATERIALS	60,000	15,000
VALUE ADDED	$ 65,000	$ 75,000

This example shows that sales of $125,000 per month that produce $65,000 of Value Added are not as good as sales of $90,000 that provide $75,000 of Value Added. The latter yields $10,000 more with which to cover overhead. Clearly, the sales figures in the statement are misleading. Value Added gives you a truer picture of your operations by eliminating the distortion that material costs introduce into the conventional operating statement.

If we were comparing the statement of operations of a short-run sheetfed company with that of a web-offset firm, and our comparison was related to percentages based on sales, we could have significant differences in ratios. The reason is significant differences in material costs. It would appear that the web-offset operation had a lower factory labor cost because a substantial amount of their sales was materials. But, in truth, the factory labor cost could be more or less than in its counterpart sheetfed operation as it relates to the Value Added produced by this labor.

Almost every company's product mix is different and, by using Statements of Operations based on Value Added, this product mix difference is eliminated. This is why Value Added is always a better statement with which to evaluate your operations.

MEANINGFUL MARK-UPS FOR COST

Understanding the Value Added concept permits focusing on materials mark-up to recover overhead. It is essential that materials be priced at their cost plus their proper share of the allocated overhead. Because Value Added is so important, it is imperative that the overhead recovered by materials be correct. The trite 5, 10 or 15% mark-up of materials (so-called handling charges) may or may not be correct. You should determine as a cost center cost the correct overhead rate to be charged to materials. This is just as important as the correct press hourly rate.

Once this is done, you are looking at a cost sheet that contains materials with their share of overhead and cost center costs. You must apply the concept to profit mark-up. This will differ as the relationship of materials and manufacturing changes.

PROFIT MARK-UPS -- VALUE ADDED CONCEPT

Profit mark-ups should take into account the Value Added concept; the higher the proportion of materials in a job, the higher should be the profit mark-up.

A sound profit mark-up policy is one which achieves and complements the business objectives of your firm. Printing firms should always seek to maximize their Value Added by attracting jobs with a high Value Added and by converting low Value Added jobs to higher ones. A general rule here is that the higher the Value Added, the more desirable the job and the lower the profit mark-up. Conversely, jobs with a small Value Added are less desirable and should receive a higher profit mark-up.

There is no neat mathematical formula to distinguish desirable jobs from less desirable ones. What is presented here is an overall philosophy which you can, with minimum effort, integrate into your own pricing procedures. For example, let's look at two jobs: one is a "good" job; the other is a "better" job.

GOOD JOB

Materials	$ 8,000
Cost center costs	2,000
TOTAL	$10,000

Before profit mark-up, the Value Added of this job is only $2,000. Now, price this job and include a profit.

Similarly, let's consider a better job:

BETTER JOB

Materials	$ 2,000
Cost center costs	8,000
TOTAL	$10,000

This second job has a Value Added of $8,000 before profit mark-up. Now, price this job with a profit mark-up.

If you followed the philosophy presented earlier, your prices should have included a higher profit mark-up for materials and cost centers in the good job and a lower profit mark-up in the better job. Why? Because the better job contributes more to overhead.

VALUE ADDED AND SALES COMPENSATION

A good printing manager knows how to motivate the salesforce. However, while it is generally acknowledged that salespeople compensated on a commission basis are more effective than salaried salespeople, little attention is paid to the kinds of jobs that they bring in. Commissions are usually based on total sales dollars regardless of the Value Added component of the sale.

The inequities of this system quickly become apparent when sales compensation is examined in light of the Value Added concept. For example, what is there in such a system to motivate the salesforce to bring in "better", high Value Added jobs? Nothing. Where is the reward for the salesperson who does bring in the "better" sales? There is none.

Sales commissions should be a percentage of Value Added. Basing sales compensation on Value Added is becoming an increasingly popular policy among printing firms and has already been adopted by some of the most successful firms in the industry. In this system, the commission on Value Added in a job is equivalent to the commission a salesperson would receive on an average sale that involves an average amount of materials. Although at first glance it would appear that your salespeople's earnings would be reduced if their commissions were based on fewer Value Added dollars, this is not the case. In fact, compensation for those salespeople who previously were selling high Value Added jobs -- those with a significant amount of inside manufacture -- would increase. Commissions would only be reduced for those individuals selling large amounts of paper and other outside services.

The motivational factor that is built into this system is, of course, higher commissions for salespeople who bring in higher Value Added jobs. The justification is that it is these jobs that pay overhead and produce a profit, and therefore, contribute most to management's objectives.

WHAT THE REPORT ON OPERATIONS OFFERS MANAGEMENT

Every manager has to pause occasionally, step back, and ask, "How well am I doing?" The operating statement is an excellent source of information with which to answer this question. Financial statements, in general, are historical documents. They tell what has happened in a particular year or series of years. But, the most valuable information to most managers concerns what probably will happen in the future. By comparing, evaluating and analyzing the historical operating statement, the manager has more than just a crystal ball with which to forecast the coming year.

The effective manager uses the operating statement as an important tool in the decision-making process. Once historical data is accumulated and analyzed, the manager can formulate and plan for the future, set objectives and attempt to control the outcome of those plans.

PIA Ratios are especially helpful in deciphering operating results. By comparing one's own company with other companies in the industry, the printer can more easily pinpoint problem areas. Since the Ratios are percentages, a more precise comparison can be made with other plants regardless of variations in dollar amounts. A printer can make even closer evaluations using PIA's specialized Ratio Study volumes. The discussion in this Guide, however, will deal with the book, All Printers by Sales Volume.

A WORD ABOUT RATIOS IN GENERAL

Ratios should be viewed as a starting point. By comparing a printing company with the PIA Ratio results, a printing manager can gain insight into trends and make intelligent judgments as to their significance. Variances in PIA Ratios and one's company indicate what costs and expenses should be examined in greater depth.

At the same time, one should keep in mind the peculiarities of business, technological changes and economic factors which affect the results shown on the operating statements.

Perhaps, the best way to approach the analysis of the operating statement ratios is to make the comparison between the PIA Ratios and your company. Then when variances occur between the objective and the achieved, ask the following questions:

- Why did the costs differ?
- Was the difference adverse or favorable?
- Who was responsible for the difference?
- What can be done about it?

SAMPLE ANALYSIS OF THE OPERATING STATEMENT

The report on operations in All Printers By Sales Volume is set up by sales range as follows:

All Firms Reporting
Sales to $250,000
Sales from $250,000 to $500,000
Sales from $500,000 to $1,500,000
Sales from $1,500,000 to $5,000,000
Sales from $5,000,000 to $10,000,000
Sales Over $10,000,000.

For each sales range, ratios are provided for All Firms as well as Profit Leaders in that range. "Profit Leaders" are those firms achieving 8% or more profit on sales. Achieving ratios similar to those of the Profit Leaders should be a printing company's objective. It is there that our comparison will be directed.

The separate line items on the Report on Operations will be defined as they come up in discussion.

Pages 32 through 34 show a sample PIA Ratio - Report on Operations and Supporting Schedules and a fictional company "Printemps". The PIA Ratios used here for discussion purposes reflect this year's results. In doing your comparison, please refer to this year's PIA Ratio Study, All Printers by Sales Volume.

Printemps, our sample company, is a sheetfed offset printer. Its sales are $7,000,000 for the current year. From the 1985 Ratio Study, we have abstracted the columns for the sales range $5,000,000 to $10,000,000 for our comparison. Our next step was to list the dollar amounts from Printemps' operating statement to coincide with the PIA chart of accounts. We were then ready to convert the Printemps' dollar figures to percentages of sales so that we could compare, side by side, Printemps' operating results with the Ratio Study results.

All companies should compare their percentages item-by-item with the Ratio Study results in a similar fashion.

In our analysis, we will begin by defining what costs should be included in various line items on the operating statement. We will then compare our sample, Printemps, with the results in the PIA Ratio Studies and discuss the major significant differences. Finally, we will attempt to pinpoint what could have caused the variances and suggest how the situation could be improved in the future.

SAMPLE COMPARISON

Sales Or Value Of Product Produced

The starting point on a Report on Operations is sales. Sales are, of course, the amount you charge for your product. All the thrift-saving ideas about costs are insignificant if a printer does not price the company's products intelligently. Printing is a made-to-order product. Every job is different and uses different facilities in your plant for various periods of time. You should know your cost. In order to price your finished job, you must have a good system for gathering these costs and formulating a sales price that is competitive and profitable. Printemps' sales are $7,000,000. Further analysis will help evaluate how well the firm is pricing its product.

Cost Of Product Produced
Materials

Paper

Paper usually represents a printer's largest single cost on a job. Printemps ratios for paper costs compare as follows:

PIA Profit Leaders	Printemps	Variance
24.87%	28.62%	(3.75%)

The variance is unfavorable. Printemps is spending much more on paper than PIA Profit Leaders. Some of the reasons for this might be:

1. Purchasing policies at Printemps need improvement.
2. Waste and spoilage is not controlled properly. It is extremely important that paper be handled properly in all phases -- shipment, storage, pressroom, bindery, etc.
3. The type of paper used could have an effect on paper costs, as could product mix.

The effective manager will investigate these areas to find out where the problem or problems are occuring. Once this is done, corrective action can be taker to decrease the amount of money being spent on paper, if that is possible or understanding the reasons if it is not possible.

Other Chargeable Materials

This line item on the operating statement has a supporting schedule (page 33) and includes the following:

	PIA Profit Leaders	Printemps	Variance
Ink	1.70%	1.85%	(0.15)%
Film	0.71	3.29	(2.58)
Plates	1.18	1.88	(0.70)
Other Chargeable Materials	0.83	0.23	0.60
	4.42%	7.25%	(2.83)%

Once again, Printemps has an unfavorable variance. They may have a general problem with inventory control which could also be affecting the paper variance. If Printemps has a perpetual system of inventory control, its managers should ask if it's working. Is there enough inventory on hand to prevent costs associated with rush orders? Is the purchasing department operating efficiently? Are prices compared periodically? Still another area for inspection might be efficiency or inefficiency in handling materials. Are materials disappearing?

Printemps' variance of 2.58% for film is especially high. Management explains that Printemps has invested in a new scanner and is doing most of its own color separations, as well as some work for other area printers. This accounts for the Other Income which we will discuss later. Printemps also does predominantly high-quality color work, which also accounts for the variance in film usage.

This example shows why management should not interpret the variances on an on an isolated basis. You must keep in mind your business and how it operates as you go through your evaluation.

Outside Services

Outside Services are costs associated with work done for a printing firm by another company. The previous chapter in this guide, "Value Added -- Why It's Important" explains why it is beneficial for a printer to keep as much manufacturing in-house as possible. Printemps obviously sends a lot of its work out. It could probably benefit from investigating the possibility of obtaining the necessary additional means to perform some of these manufacturing steps itself. Its ratios for Outside Services compare with PIA Profit Leaders as follows:

	PIA Profit Leaders	Printemps	Variance
Composition	0.30%	0.35%	(0.05)%
Offset Preparation	2.51	0.50	2.01
Printing	1.35	1.10	0.25
Binding	1.98	4.33	(2.35)
Other Outside Services	2.53	2.25	0.28
	8.67%	8.53%	0.14%

Printemps fares especially well in Offset Preparation, since it does practically all of its own color separations. However, a weakness is apparent in the area of binding. In order to improve this situation, Printemps has ordered some new binding equipment which will enable them to do more of their binding in house. Such a move will certainly improve its Value Added position and should increase profits.

Factory Payroll

Labor costs in graphic arts are always a large percentage of sales. This is one area that can have drastic bottom line results on your operating statement. Even though you may feel trapped into accepting high labor costs, there are ways to make sure that you are getting as much benefit from the costs as possible. Let's take a look at payroll:

	PIA Profit Leaders	Printemps	Variance
Salaries-Executive	1.37%	1.87%	(0.50)%
Direct Wages	16.62	20.26	(3.64)
General Factory Wages and Salaries	1.53	0.89	0.64
Packing, Shipping and Delivery	0.72	-	0.72
Payroll Taxes	1.53	1.85	(0.32)
Employee Benefits	2.34	2.28	0.06
	24.11%	27.15%	(3.04)%

Allocation of Factory Wages between Direct Wages and General Factory Wages is always difficult. When you prepare your numbers just remember that Direct Wages are earned by employees engaged in production and General Factory Wages are for work not directly related to chargeable jobs. It may be more meaningful to analyze all Factory Wages combined to get the overall effect of how your company compares with the industry's Profit Leaders.

Printemps spends 3.04% more for Factory Payroll than the PIA Profit Leaders. Going down the schedule, we see Executive Salaries are high. One reason for this may be that the factory executive is one of the principals in the business.

Printemps major variance from Profit Leaders occurs in Direct Wages. It may be wise for the manager to sit down and review the following checklist to determine possible causes:

1. Is there a problem in the labor contract? Did managers anticipate costs and bargain intelligently?
2. Is there a good system for gathering job costs so that jobs can be priced realistically?
3. Is there an excessive amount of overtime? Does management know at what point overtime is and is not profitable?
4. Are vacations scheduled for slack periods?
5. Does management try to avoid idle time? Do employees wait around because of:
   - poor instruction
   - no material
   - no power
   - no repairman
6. Are production operations delayed while management makes decisions or, even worse, is one job removed from a press to get a "rush" job through thus causing extra make-ready time?
7. Do sales and manufacturing departments work together to determine which jobs have economical priority?

Because labor is so expensive, management has to watch it closely, and control costs tightly. Printemps is trying to do this by putting one of the owners of the business on the production floor. This will help keep the lines of comunication open between management and factory and should promote efficient operation of the plant.

Factory Expenses

Our Chart of Accounts classifies Factory Expenses as Fixed and Other. Fixed Expenses remain relatively constant regardless of the level of productivity. Printemps' total Fixed Expenses compare as follows:

	PIA Profit Leaders	Printemps	Variance
Total Fixed Expenses	6.11%	7.54%	(1.43)%

The largest variances in this classification occur in:

Depreciation - other	1.09% unfavorable
Insurance	0.71% unfavorable
Utilities	0.38% unfavorable

We know that Printemps' depreciation expense increased, when it recently purchased a scanner. There was no obvious explanation for the unfavorable variance in insurance, however, management should review its insurance coverage to see if it is carrying the proper coverage and determine if it is getting the best price available.

Printemps should also be concerned about its utilities cost, and perhaps review its energy-saving plans. Are machines shut down when not in use? Is the plant heating system outdated and inefficient?

Other Factory Expenses vary with the level of production. Control of these expenses is important to overall profit. Our sample company again needs improvement:

	PIA Profit Leaders	Printemps	Variance
Factory Supplies and Expense	2.02%	2.53%	(0.51)%
Packing, Shipping and Delivery	1.10	0.90	0.20
Repairs and Maintenance	1.22	1.96	(0.74)
Other Factory Expenses	0.63	0.21	0.42
	4.97%	5.60%	(0.63)%

The variance of 0.51% in Factory Supplies and Expense may warrant inspection; if so, are supplies controlled and purchased effectively? Repairs and Maintenance also shows up unfavorably when compared to Profit Leaders. Perhaps, Printemps should review its maintenance policies to see whether machines are breaking down due to neglect or age.

Gross Profit

We have now come to the Gross Profit line in Printemps' Report on Operations. This is a good time to stop in our analysis and look back at the company's manufacturing performance and results. Printemps' Gross Profit percentage is 15.31% compared to the PIA Profit Leaders of 26.85%. So far in our analysis we have discussed where significant variances appear and possible improvements. Many times the most controllable costs are above the Gross Profit line. If a firm consistently falls below industry leaders in the Gross Profit percentage, it must examine problem areas closely and be prepared for considerable belt tightening. Gross Profit has to be high enough to cover Administrative and Selling Expenses and pay for Interest Expense.

Administrative Expenses

Printemps has an average administrative staff. The President is the administrative executive and has kept control of administrative costs and favorably exceeded Profit Leaders in this area.

	PIA Profit Leaders	Printemps	Variance
Total Administrative Expenses	7.29%	6.95%	0.44%

General areas for control in the administrative section, among other things, are office supplies and expenses, postage, and telephone. These items should be monitored for effective purchasing and usage.

Bad debts are another area where management can improve results. One way to accomplish this is to formulate good sound credit and collection policies and see to it that those policies are followed.

Most administrative costs are likely to be insensitive to fluctuations in either production or sales and hence uncontrollable in relation to volume. The manager should try to determine if, overall, Administrative Expenses can be justified in terms of efficient operations.

Selling Expenses

Printemps' Selling Expenses are also low compared to the PIA Profit Leaders.

	PIA Profit Leaders	Printemps	Variance
Total Selling Expenses	7.87%	6.89%	0.98%

This variance may not be as favorable as it appears. It may indicate that Printemps is not spending enough time and money to market its products and increase sales. There is one selling executive and three salespeople. Obviously, the president of the company does some marketing, and while travel and entertainment is actually higher than the Profit Leaders by 0.25%, it is doubtful that Printemps is being as aggressive as it should in its selling efforts.

Interest Expense And Other Income

Printemps compares with PIA Profit Leaders in this classification as follows:

	PIA Profit Leaders	Printemps	Variance
Interest Expense	1.13%	2.60%	(1.47)%
Other Income	1.16	1.40	0.24

Interest Expense is high for Printemps. Besides having rather large long-term notes used to finance equipment, the company has been forced to seek short-term working capital financing at high interest rates. It would be wise for it to improve its cash flow so that these short-term notes could be kept to a minimum. Proper planning and more efficient billing and collection procedures will help the flow of cash.

Other Income from outside separation work, discussed earlier, helps Printemps' Income Before Income Taxes look better. For printers who do not have cash flow problems, it is wise to make sure that idle funds are effectively invested so that interest income can be realized.

The Bottom Line

This brief example has barely scratched the surface in using the PIA Ratio Study to analyze a company's operating results. In examining variances it is sometimes helpful to refer to other parts of the study. For example, in an analysis of Direct Wages, reference to the Significant Facts tables will give the average wages in a particular sales range per employee. Examination and analysis of the Balance Sheet and Return on Investment sections should also be integrated with the Operating Statement analysis in order to get the whole picture.

Once you have compared your results with industry standards for the current year and have isolated the differences from the historical data, it is time for you to plan and set objectives for the future. Proper understanding of the Ratio Study and diligent commitment on your part should result in improved operations. You already know how well you have done in the past year. The next question to tackle is, "How can I do better next year?"

REPORT ON OPERATIONS - SALES = 100%

	SALES FROM $5,000,000-$10,000,000			
	ALL FIRMS	PROFIT LEADERS	PRINTEMPS	
	%	%	$	%
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	$7,000,000	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	26.24	24.87	2,003,400	28.62
Other chargeable materials	5.59	4.42	507,500	7.25
Outside services	7.80	8.67	597,100	8.53
TOTAL MATERIALS	39.63	37.96	3,108,000	44.40
FACTORY PAYROLL	26.01	24.11	1,900,500	27.15
FACTORY EXPENSES	11.67	11.08	919,800	13.14
TOTAL FACTORY COST OF PRODUCT	77.31	73.15	5,928,300	84.69
GROSS PROFIT	22.69	26.85	1,071,700	15.31
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	8.00	7.29	479,500	6.85
Selling expenses	8.68	7.87	482,300	6.89
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	16.68	15.16	961,800	13.74
INCOME BEFORE INTEREST EXPENSE	6.01	11.69	109,900	1.57
Interest expense	2.09	1.13	182,000	2.60
OPERATING INCOME (LOSS)	3.92	10.56	(72,100)	(1.03)
Other income	0.72	1.16	98,000	1.40
INCOME BEFORE INCOME TAXES	4.64%	11.72%	$ 25,900	0.37%

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS %	PROFIT LEADERS %	PRINTEMPS $	PRINTEMPS %
OTHER CHARGEABLE MATERIALS				
Ink	1.81%	1.70%	$ 129,500	1.85%
Film	1.19	0.71	230,300	3.29
Plates	1.29	1.18	131,600	1.88
Other chargeable materials	1.30	0.83	16,100	0.23
TOTAL OTHER CHARGEABLE MATERIALS	5.59%	4.42%	$ 507,500	7.25%
OUTSIDE SERVICES				
Composition	0.46%	0.30%	$ 24,500	0.35%
Offset preparation	1.32	2.51	35,000	0.50
Printing	1.01	1.35	77,000	1.10
Binding	2.45	1.98	303,100	4.33
Other outside services	2.56	2.53	157,500	2.25
TOTAL OUTSIDE SERVICES	7.80%	8.67%	$ 597,100	8.53%
FACTORY PAYROLL				
Salaries - executive	1.67%	1.37%	$ 130,900	1.87%
Direct wages	17.32	16.62	1,418,200	20.26
General factory salaries and wages	2.03	1.53	62,300	0.89
Packing, shipping and delivery wages	0.85	0.72	-	-
Payroll taxes	1.74	1.53	129,500	1.85
Employee benefits	2.40	2.34	159,600	2.28
TOTAL FACTORY PAYROLL	26.01%	24.11%	$1,900,500	27.15%
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.23%	0.27%	$ 21,000	0.30%
Depreciation - other	2.84	3.01	287,000	4.10
Taxes - real estate	0.19	0.20	14,000	0.20
Taxes - other	0.24	0.25	16,800	0.24
Insurance	0.28	0.29	70,000	1.00
Building rent	0.86	0.71	-	-
Utilities - heat, light, etc.	1.23	1.27	115,500	1.65
Equipment rental	0.55	0.11	3,500	0.05
Total Fixed Expenses	6.42	6.11	527,800	7.54
Other Expenses				
Factory supplies and expense	2.07	2.02	177,100	2.53
Packing, shipping and delivery expense	1.00	1.10	63,000	0.90
Repairs and maintenance	1.36	1.22	137,200	1.96
Other factory expenses	0.82	0.63	14,700	0.21
Total Other Expenses	5.25	4.97	392,000	5.60
TOTAL FACTORY EXPENSES	11.67%	11.08%	$ 919,800	13.14%

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS	PROFIT LEADERS	PRINTEMPS	
	%	%	$	%
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.44%	2.44%	$100,000	2.44%
Salaries - office	1.46	1.46	60,000	1.46
Payroll taxes	0.73	0.73	30,000	0.73
Employee benefits	0.49	0.49	20,000	0.49
Bad debts	0.49	0.49	20,000	0.49
Office supplies and expenses	0.98	0.97	40,000	0.98
Professional fees	0.59	0.59	24,500	0.60
Taxes - business	0.17	0.17	7,000	0.17
Telephone	0.39	0.62	25,200	0.36
Other administrative expenses	1.36	1.36	55,800	1.37
TOTAL ADMINISTRATIVE EXPENSES	8.00%	7.29%	$367,500	9.00%
SELLING EXPENSES				
Salaries - executive	1.34	1.34	$ 55,000	1.34
Salaries and commissions - salesmen	3.91	3.91	160,000	3.91
Salaries - sales office clerical	0.98	0.98	40,000	0.98
Payroll taxes	0.29	0.29	11,700	0.29
Employee benefits	0.35	0.40	14,400	0.35
Advertising	0.37	0.25	10,000	0.24
Travel and entertainment	0.77	0.55	22,000	0.54
Other selling expenses	0.69	0.49	19,700	0.48
TOTAL SELLING EXPENSES	8.60%	7.87%	$332,300	8.13%

THE BALANCE SHEET - HOW WE STAND

A balance sheet is a statement of a company's financial position -- it is composed of the assets, liabilities and owners' equity at a particular point in time. The term "balance sheet" comes from the fact that the two sides must balance. Mathematically, there are two possible balance sheet equations:

$$\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$$

or

$$\text{Assets} - \text{Liabilities} = \text{Owners' Equity}$$

A printing company's assets are everything the company owns. Its liabilities are everything the company owes. Owners' equity is the excess of assets over liabilities. It is the measure of the financial interest of the proprietor, partners or shareholder(s) -- whoever owns the company. Another term for proprietors', partners', or shareholders' equity is "net worth", although that term is not as widely used today as it was in the past.

A good printing manager understands the components of a balance sheet and their relationship to company operations. An intelligent evaluation of the make-up of the balance sheet and its ratios reveals many factors about a company's operational capabilities.

Remember that particular ratios and relationships may differ depending on which processes a printing company uses or what products it produces. For example, it is likely that a web-offset printer would have more investment in plant equipment and, correspondingly, more liabilities or equity to support those assets than a sheetfed printer. By following the general analysis below, all printing managers should be able to customize and compare their own firm's financial position to that of the industry and the Profit Leaders. We will focus on the balance sheet of the imaginary company, Printemps, and compare that to the sample PIA ratio balance sheet on page 46.

ASSETS - THE PRINTER'S INVESTMENT

How many dollars in assets should we invest to produce X dollars in profit? As most people in business know, this is not an easy question to answer. Return on Investment (ROI), our profitability measure, has been defined as income divided by assets.

$$\text{ROI} = \frac{\text{Income}}{\text{Assets}}$$

To increase ROI, two options are available -- either increase income or decrease assets.

To increase ROI: (1) Increase income
(2) Decrease assets

In this analysis of Printemps' balance sheet, we will concentrate on reducing assets or, more importantly, making sure the company's assets are being managed properly and efficiently to produce income.

Because printing is a highly capital-intense industry, there are many types of assets involved. These assets are normally segregated into Current Assets, Fixed Assets, and Other Assets.

Current Assets	$XXX
Fixed Assets	XXX
Other Assets	XXX
Total Assets	$XXX

We will examine each type of asset as it relates to printing.

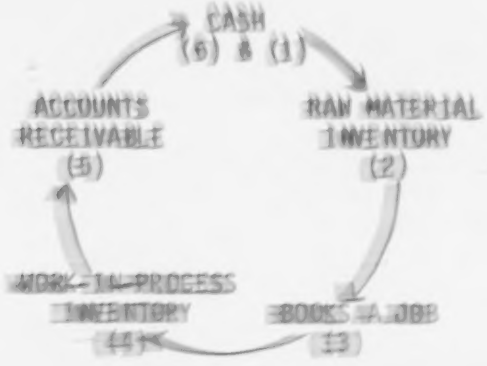
CURRENT ASSETS - THE PRINTER'S LIQUIDITY

Traditionally, Current Assets are listed on the balance sheet in the order of liquidity. They may even be referred to as a company's liquid assets; i.e., assets that can be converted into cash quickly, usually within a period of a year. A printer uses these assets to pay accounts payable or other liabilities as they come due.

Current Assets follow a circular process during the year, continuously being used up and replaced. For the average printer, this process takes place many times a year.

To analyze the printer's trading cycle, consider the following:

(1) A company starts with cash;
(2) next, it purchases raw materials -- paper, ink, film, etc.;
(3) then it books a job and;
(4) puts costs and materials into work-in-process;
(5) When the job is completed and shipped, the work-in-process inventory becomes an account receivable;
(6) finally, the account receivable is converted back into cash and the cycle starts anew.



THE CLUE HERE IS TO ASSESS THE TRADING CYCLE FOR MORE PROFITS.

THE KEY IS TO REDUCE THE TIME INVOLVED IN EACH CYCLE.

THE MORE CYCLES PER YEAR, THE MORE PROFIT GENERATED.

TURNOVER

Turnover is the time it takes to complete one trading cycle. Optimizing turnover is in keeping with sound management principles, but appears to conflict with some printers' practices. Too often production, estimating and sales personnel seek extra time to do a job, even though the faster the job is done, the better the turnover position. If management is to improve its profits, it must insist that the trading cycle be completed as quickly as possible.

Two ratios are critical in analyzing the management or rapidity of the cycle: inventory turnover and the collection period of receivables. It is imperative that a printer understand how these two ratios operate and try diligently to operate them. The other ratios, printing companies that have been sliding down the profit line have climbed back up to a healthy position by improving their turnover. (For example, one printing company turned several years ago analyzed its operations only to discover that the collection period for receivables was approaching 90 days. After management installed tighter credit policies and began to monitor collection procedures more closely, it took only a short while to reduce the collection period to 50 days and eliminate a major portion of the short-term debt.)

Let us now analyze each current asset, generally, and then more specifically to see how Printemps' ratios compare to the industry as a whole.

CASH

There is no one rule about the amount of cash a company should have on hand. The only thing certain is that having either too much or too little is likely to cause problems. A profitable company will have a surplus of cash after expenses. Conversely, a company facing financial loss will be pushed into using whatever cash it has to cover expenses. Similarly, a printing company in a growth stage will need more cash for plant investments and debt commitments and for building up sufficient inventories than will an established company. Historically, Profit Leaders maintain approximately 10% of their total assets in cash. Your company may need more or less, depending on its present situation.

CASH CONTROL

Cash control is particularly important to a printer since almost every transaction will eventually result in either receiving or disbursing cash. Because cash is easily concealed and very liquid, it is more susceptible to theft or misappropriation than any other asset. Therefore, it is incumbent on management to maintain adequate control and accountability for its cash. It is up to the printing manager to insure that the following procedures are carried out:

1. Cash is recorded and deposited promptly after receipt.

2. All disbursements are made by check. (It is common for printers to have a petty cash fund for small expenditures that would be impractical to pay by check. Just make sure the expenditures are small.)

3. Persons dealing with cash should have segregated duties and be bonded. For example, the invoice preparer should not make bank deposits and the person writing checks should not reconcile bank statements.

At first glance, Printemps' cash ratio may make it appear that the Company has a cash deficiency because it has 7.83% less cash than the Profit Leaders. Yet, further analysis reveals that if both cash and receivables are totaled, the difference between Printemps and the Profit Leaders is only 1.83%. However, Printemps' cash as a percent of total assets may indicate a low receivable turnover and an inability to retain cash.

PERCENT OF TOTAL ASSETS

	Printemps	Profit Leaders	Variance
Cash	5.10%	12.93%	(7.83)%
Accounts Receivable	31.95	25.95	6.00
Total	37.05%	38.88%	(1.83)%

ACCOUNTS RECEIVABLE

There may be some reason for concern about Printemps' accounts receivable percentages. Remember, the balance sheet shows a company's financial picture at a particular point in time. Year after year, the PIA Ratios have shown that firms like Printemps have a higher ratio of receivables to total assets on their balance sheets than do Profit Leaders. A positive observation may be that the higher the sales, the larger the receivable balance. If sales were, in fact, increasing, there would be no cause for alarm, but usually that is not the case. High receivable balances may not necessarily be bad, but they should be investigated.

HOW FAST CASH IS COLLECTED

Let's delve further into accounts receivable ratios. The collection period of accounts receivable is an activity ratio indicating how effectively the company is collecting cash from its customers after sales are made. The sooner the printer collects the cash due, the sooner the money can be put to use -- to invest in more assets, to pay off liabilities, or to earn interest. As the collection period increases or decreases, it affects a company's cash, receivables, inventory, payables, and interest; in other words, it affects the company's entire operations.

The collection period is computed by dividing the average accounts receivable by the annual sales figure and then multiplying the result by 365.

$$\text{COLLECTION PERIOD OF RECEIVABLES} = \frac{\text{AVERAGE ACCOUNTS RECEIVABLE}}{\text{ANNUAL SALES}} \times 365$$

This ratio is indicative of credit and collection policies. Most printing firms have about one-sixth of their annual sales in accounts receivable. For example, if sales were $2,500,000, a typical firm would have $400,000 in accounts receivable. Reducing the collection period reduces the portion of assets in receivables and related interest costs.

PRINTEMPS' COLLECTION PERIOD OF RECEIVABLES..... 63.2 days

PROFIT LEADERS..... 58.0 days

Printemps' collection procedures need improvement in order to compare favorably with Profit Leaders. A collection period of 63.2 days is much too long. All printers, including Profit Leaders, should take every possible measure to shorten collection periods as much as possible. Some ways to do this are:

1. BILL CUSTOMERS DAILY, not at the end of the month as many printers do.
2. Offer effective incentives for customers to pay on time.
3. Seek good, credit-worthy customers.

Usually, a small percentage of a company's accounts receivable will not be paid, thus becoming bad debts. To show a better picture of receivables that will actually be collected, accounts receivable appear on the balance sheet with an estimate of losses deducted.

AVERAGE RECEIVABLES

The collection period ratio of receivables takes into consideration credit sales, although in most cases, in the printing industry there is little difference between credit sales and total sales. Very rarely do printers (with the exception of quick printers) have cash sales. "Average receivables" is the sum of beginning of the year receivables and end of the year accounts receivable balances divided by two:

$$\frac{\text{BEGINNING ACCOUNTS RECEIVABLE} + \text{ENDING ACCOUNTS RECEIVABLE}}{2}$$

A better average may be derived from using the beginning of the year balance plus the end of each month's balance divided by thirteen. The better the average, the more accurate the collection period computation.

INVENTORY

The printer's inventory is the sum of work-in-process, paper and other chargeable materials and supplies. Because the majority of a printer's sales are specialized, produced "to order" jobs, finished goods inventory may be small or non-existent.

While inventory may at first glance appear to be a simple and straightforward concept, inventory valuation methods vary among printers. The amount of a firm's inventory changes depending on the method used (FIFO, LIFO, etc.). Management must decide which practice is best for them.

Printemps' inventory represents 14.64% of its total assets, or 2.51% more than the Profit Leaders' inventory. It may or may not be carrying excessive inventory in stock. Either way, it should keep a perpetual inventory system and control and safeguard its inventory by taking an actual monthly count. Also, Printemps' manager should make sure there are sufficient funds with which to pay current liabilities and that too much cash is not tied up in inventory.

Earlier, it was mentioned that inventory turnover is a critical ratio in improving a printer's trading cycle and increasing profits. The equation is:

$$\frac{\text{COST OF MATERIALS SOLD}}{\text{AVERAGE INVENTORY}} = \text{INVENTORY TURNOVER}$$

Printemps	Profit Leaders
3.93	3.84

The cost of materials sold is taken from the income statement. Specifically, this includes paper and other chargeable material costs. Outside services, such as binding, are not included because they have no effect on inventory.

Some financial analysts will use sales rather than cost of materials in computing turnover. Since printers value inventories at cost, cost of materials sold gives a more accurate figure in calculating the ratio. Using the yearly average inventory is particularly important for printers because of the significant volume changes during the year.

A low inventory turnover indicates the possibility of a larger than necessary investment in inventory. A higher turnover implies better management and control. Printemps appears to be managing its inventory well.

WORK-IN-PROCESS TURNOVER

Work-in-process offers the greatest opportunity to improve inventory turnover. The faster a job is shipped out of the plant, the greater the profit potential and the more beneficial the effect on the company's capital position. The less time spent on a job, the less cash is tied up in inventory.

The formula for the work-in-process turnover is:

$$\text{WORK-IN-PROCESS TURNOVER} = \frac{\text{COST OF PRODUCT PRODUCED (MATERIALS, LABOR, OVERHEAD)}}{\text{AVERAGE WORK-IN-PROCESS INVENTORY}}$$

Some printers have a fast turn-around from the time an order is put into production to its finished state. These firms will have less work-in-process. Other printers, because of the nature of their work, have a much longer production cycle and will have a significantly higher work-in-process inventory.

PAPER AND OTHER CHARGEABLE MATERIALS INVENTORY

Paper and other chargeable materials represent a substantial part of a printer's inventory. Inventory turnover improves when inventory levels are optimized and the storage time of materials (primarily paper) prior to production is reduced.

$$\frac{\text{PAPER USED}}{\text{AVERAGE PAPER INVENTORY}} = \text{PAPER INVENTORY TURNOVER}$$

$$\frac{\text{OTHER CHARGEABLE MATERIALS USED}}{\text{AVERAGE OTHER CHARGEABLE MATERIALS INVENTORY}} = \text{OTHER CHARGEABLE MATERIALS INVENTORY TURNOVER}$$

OTHER CURRENT ASSETS

Because the percentages are usually small, other current assets seldom play a significant role in ratio analyses. Other current assets usually include various prepaid expense accounts such as insurance, taxes, etc.

PROPERTY, PLANT AND EQUIPMENT

As mentioned earlier, printing companies are highly capital-intense. New machinery costs are soaring; in many cases, used equipment is selling at prices approximating its original price tag. As a result, equipment usually makes up a large portion of a company's assets. These assets are not for sale but are used in the operation of the printing process. Property (with the exception of land), plant and equipment are depreciated over a period of time. The methods of depreciation vary; a printer usually uses one method of depreciation for tax purposes and another method for financial reporting (book) purposes.

For book purposes, a printer may depreciate assets using the straight-line method over the estimated useful life of the asset. For tax purposes, printers may use the accelerated cost recovery system (ACRS) percentages as well as other methods to depreciate buildings and improvements, furniture and fixtures, machinery and equipment and delivery vehicles.

	Printemps	Profit Leaders
NET PROPERTY, PLANT AND EQUIPMENT	38.93%	36.07%

Printemps' property, plant and equipment percentage is higher than that of the Profit Leaders. These percentages may vary considerably among different types of printers and different circumstances. For example, it may be advantageous for one printer to own his plant, while another printer living in a region with different real estate costs may be better off leasing his space. Machinery and equipment percentages may also vary widely depending on the processes different printers use.

More important than the percentage of fixed assets owned, Printemps' manager should consider the following:

1. Is equipment being operated at capacity?
2. Is the company using outdated, inefficient equipment?
3. Can extra space held for future expansion be temporarily leased?

OTHER ASSETS

Other assets are usually those which will not be converted into cash within a period of one year. They may include deposits, the cash surrender value of officers' life insurance and goodwill. Generally, other assets are not a significant part of the balance sheet.

LIABILITIES AND EQUITY

The liability and equity section of the balance sheet shows the distribution of each dollar of assets as follows:

LIABILITIES ($) ----------> OBLIGATIONS
EQUITY ($) ----------> OWNERSHIP

Liabilities are broken down into current and long-term liabilities. We will first examine the printer's current liabilities and then discuss long-term liabilities.

CURRENT LIABILITIES

Current liabilities are obligations that usually fall due within a period of a year and are paid out of current assets. They include obligations generated by the operating cycle, such as money owed to suppliers for the acquisition of material and supplies, collections billed in advance of delivery, employees' salaries, interest and principal payments due on notes, income taxes, and any other payable which is due in the next operating period.

	Printemps	Profit Leaders	Variance
Notes Payable	11.02%	3.67%	(7.35)%
Accounts Payable	13.63	11.27	(2.36)
Other Current Liabilities	10.49	12.17	1.68
	35.14%	27.11%	(8.03)%

After comparing Printemps' ratios with PIA Profit Leaders, it is obvious that Printemps, has too much short-term debt. If accounts receivable are not being managed wisely, a situation may arise where Printemps does not have sufficient cash to promptly pay its short-term creditors.

Other current liabilities may include payroll taxes due, employees' withholding taxes, sales tax collected, accrued expenses such as interest, business taxes, payroll and vacation payroll, income taxes payable and others.

One current liability that printing firms often handle poorly is "Advance Collections". The following example demonstrates how this account should be used.

A customer may ask for an advance billing and the printer records an Accounts Receivable and an Advance Billing account. If this situation still exists at the Balance Sheet date, the original entry is reversed and neither Accounts Receivable nor Advance Billing appears on the Balance Sheet.

When the customer pays, only the account "Advance Billing" is left, because the corresponding Receivable has been paid. In this case, it is necessary to reclassify the Advance Billing that has been paid as an Advance Collection. This Advance Billing situation occurs in many printing companies and proper accounting is important.

DEFERRED INCOME TAXES

Deferred income taxes arise when income and expense items are reported for financial accounting and tax purposes in different time periods. For the majority of printing firms the principal difference is the use of accelerated depreciation for tax purposes.

LONG-TERM DEBT

Long-term debt provides a major source of funds to finance a printer's assets. It includes debt to be paid some time beyond the current period. Most of a printer's long-term debt is in the form of bank loans, mortgages or leases; some large printers may issue bonds.

	Printemps	Profit Leaders	Variance
Long-Term Liabilities	26.28%	18.71%	(7.57)%

Again, Printemps' ratios show that it has too much debt. Perhaps Printemps' management has not pursued better financing methods. Has management considered issuing additional capital stock to obtain funds? Will Printemps be able to meet its financial obligations when they become due?

Printers have to be very careful in proportioning their debt. A typical conversation between a banker and a printer with a high debt ratio may go as follows:

Banker: "Don't come to us to finance Assets that should be funded from Shareholders' Equity. We are not shareholders and we are not going to cover your weak Equity position."

Printer: "What is this? You did in the past, and I have been taking all my Profits out of the business."

Banker: "Well, we are not doing it now and I doubt if we will ever get back to that. In fact, forget about future loans and get what you owe us paid up as soon as possible. We only want to lend our funds to companies with strong Equity positions."

Recommendations:

1. Hold your breath;
2. Maximize Profits;
3. Minimize Tax (LIFO/Accelerated Depreciation);
4. Maximize After Tax Retained Profits;
5. Build a strong Shareholders' Equity position.

EQUITY

A company's equity is its ownership interest. The term "Proprietor's Equity" is used to denote ownership of an unincorporated business. "Shareholders' Equity" is used when speaking of a corporation because all corporations are required to issue common stock. The term "Partners' Equity" is used for a partnership. Because most printing firms are corporations, this discussion will be about "Shareholders' Equity".

Shareholders' Equity may include the following accounts:

Common Stock
Preferred Stock
Additional Paid-In Capital
Retained Earnings
Treasury Stock

CONTRIBUTED CAPITAL

The term "capital stock" is sometimes used to designate all of a corporation's issued stock, both common and preferred. The capital stock value is computed by multiplying the par value (original face value) of each share by the number of shares issued. For example, if Printemps issued 2,500 shares of common stock and the par value is $10 a share, the total dollar value of common stock would be $25,000. (2,500 shares X $10 per share = $25,000.)

Stock does not necessarily have to be issued at par value. If shares are sold at a price higher than par, the additional funds received will appear as "Additional Paid-In Capital" on the balance sheet.

Preferred stock is another type of security a company may issue to generate funds. The issuance of preferred stock is optional and many companies issue no preferred stock.

RETAINED EARNINGS

Retained Earnings are a company's accumulated profits (and losses) that have not been paid out to shareholders as dividends. The earnings are reinvested in the company in the form of assets (cash, accounts receivable inventories, property, plant or equipment, etc.).

DEBT/EQUITY STRUCTURE

Printemps' ratio of Shareholders' Equity to all debt and equity is 38.58%. Its total debt ratio is 61.42%. The Profit Leaders' ratios are reversed -- their shareholders' equity percentage is higher than their debt ratio.

	Printemps	Profit Leaders
Total Liabilities	61.42%	45.82%
Shareholders' Equity	38.58	54.18

Many factors make it difficult to pinpoint the perfect debt/equity structure of a printing company -- the form of operations, the company's financial goals, the company's cost of capital, interest rates, etc. However, the printing industry trends show that Profit Leaders consistently have a larger percentage of equity than debt.

TOTAL EQUITY AS A PERCENTAGE OF DEBT AND EQUITY

	PIA Ratio Studies*				
	1985	1984	1983	1982	1981
All Firms	37.17%	39.32%	41.55%	42.18%	44.23%
Profit Leaders	50.42	55.25	57.89	54.88	54.08

* These ratios are from all firms reporting.

BALANCE SHEET

ASSETS	PRINTEMPS DOLLARS	PRINTEMPS % OF TOTAL ASSETS	PIA HIGH PROFIT STANDARDS ($5,000,000-$10,000,000) % OF TOTAL ASSETS	DIFFERENCE MORE (LESS)
CURRENT ASSETS				
Cash	$ 198,900	5.10%	12.93%	(7.83)%
Receivables	1,246,000	31.95	25.95	6.00
Inventories	571,000	14.64	12.13	2.51
Other current assets	158,700	4.07	8.84	(4.77)
TOTAL CURRENT ASSETS	2,174,600	55.76	59.85	(4.09)
PROPERTY, PLANT AND EQUIPMENT				
Real estate	400,500	10.27	12.27	(2.00)
Less: Accumulated depreciation	125,600	3.22	3.72	(0.50)
	274,900	7.05	8.55	(1.50)
Machinery and equipment	2,287,000	58.64	52.87	5.77
Less: Accumulated depreciation	1,138,400	29.19	27.53	1.66
	1,148,600	29.45	25.34	4.11
Other fixed assets	193,400	4.96	4.34	0.62
Less: Accumulated depreciation	98,600	2.53	2.16	0.37
	94,800	2.43	2.18	0.25
NET PROPERTY, PLANT AND EQUIPMENT	1,518,300	38.93	36.07	2.86
OTHER ASSETS	207,100	5.31	4.08	1.23
TOTAL ASSETS	$3,900,000	100.00%	100.00%	0.00%
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	$ 429,800	11.02%	3.67%	7.35%
Accounts payable	531,600	13.63	11.27	2.36
Other current liabilities	409,100	10.49	12.17	(1.68)
TOTAL CURRENT LIABILITIES	1,370,500	35.14	27.11	8.03
LONG-TERM LIABILITIES	1,024,900	26.28	18.71	7.57
TOTAL LIABILITIES	2,395,400	61.42	45.82	15.60
SHAREHOLDERS' AND PROPRIETORS' EQUITY	1,504,600	38.58	54.18	(15.60)
TOTAL LIABILITIES AND EQUITY	$3,900,000	100.00%	100.00%	0.00%

INTERRELATED RATIOS OF THE BALANCE SHEET

We will now examine ratios that interrelate between both sides of the balance sheet and, when evaluated with other ratios, offer significant information to the printing manager. Some ratios will include factors from both the operating statement and the balance sheet. These ratios provide the best information about the financial health of a company, if they are viewed together.

Four types of ratios will be used in analyzing Printemps' financial position.

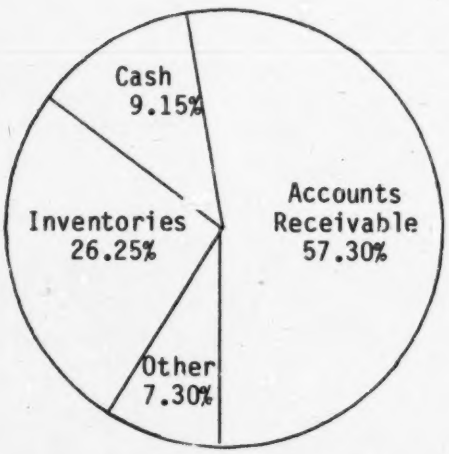
Type of Ratio	What It Does
1. Liquidity	Measures Printemps' capacity to meet short-term obligations.
2. Activity	Measures Printemps' effectiveness in using its assets.
3. Leverage	Measures Printemps' ability to meet short-term and long-term debt.
4. Profitability	Indicates Printemps' return on assets.

LIQUIDITY RATIOS OF WORKING CAPITAL

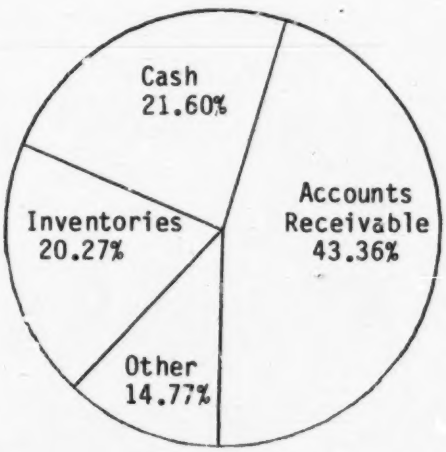
Working capital is composed of current assets. Adequate working capital is necessary for a company to meet current debts, carry sufficient inventories and take advantage of cash discounts.

WORKING CAPITAL
PERCENT OF CURRENT ASSETS

Printemps



Profit Leaders



These charts show that Profit Leaders have proportionately more cash and less receivables and inventory than Printemps.

The difference between current assets and current liabilities is called net working capital. Printemps' net working capital in absolute dollars is $804,100.

Current Assets	$2,174,600
Current Liabilities	1,370,500
Difference - Net Working Capital	$ 804,100

Is $804,100 enough working capital for Printemps to operate smoothly? Is Printemps liquid enough or does the company have excess liquidity? Does Printemps have too little cash? The following two ratios offer insight into the liquidity question.

CURRENT RATIO - The current ratio plays a key role in determining the adequacy of working capital by measuring a company's ability to meet short-term obligations. It is computed by dividing current assets by current liabilities.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Printemps	Profit Leaders
1.59	2.21

Printemps' ratio of 1.59 means that for every dollar of current liabilities, there is $1.59 in current assets. Profit Leaders historically have had current ratios above 2 and this has been assumed to be satisfactory. Although in the past, many firms functioned well with a lower ratio, today's companies are being forced into longer conversion periods for inventories and longer collection periods for accounts receivable.

Printemps' current ratio of 1.59 may indicate a cash shortage. There seems to be inadequate coverage for its short-term debts, a situation that needs immediate improvement. On the other hand, a very high current ratio may indicate that the printer is not using funds wisely. The Company's assets may well be used more effectively elsewhere -- perhaps by acquiring additional machinery and equipment to expand operations.

Some people say that doing business with other people's money, called "trading on equity" is good business. This is rarely true. If the current ratio is diminished by too much debt, assets such as inventory, cash, etc., will not be available when needed. Also, when working with an excessive amount of other people's money, a demand for repayment in cash can prevent a printer from investing current assets profitably in his own business. It can prevent him from buying and discounting, and can affect his credit with financial institutions which, in turn, can deny him the purchase of fixed assets.

QUICK RATIO - A better liquidity ratio is the quick ratio, also called the acid test ratio. The quick ratio differs from the current ratio by eliminating inventories from the numerator, a process made feasible by the fact that inventories are the least liquid of current assets. The formula for the quick ratio is:

$$\text{Quick Ratio} = \frac{\text{Current Assets Minus Inventory}}{\text{Current Liabilities}}$$

Printemps	Profit Leaders
1.17	1.76

Printemps again shows the same weak position it showed in the current ratio; that is, it may be operating with a cash shortage. (One should note that a declining quick ratio may be normal for a company purchasing additional machinery and equipment with cash.)

ACTIVITY RATIOS

As stated earlier, activity ratios indicate the effectiveness with which a company uses its assets. Activity ratios discussed previously were the inventory turnover and the collection period of receivables.

LEVERAGE RATIOS

Leverage ratios reflect a company's total debt burden -- short and long term. A printing manager wants these ratios to compare favorably to industry ratios, particularly if his company is expanding and needs debt financing. These ratios are also important because they reflect already incurred interest expense as well as measure the relationship between shareholders' funds and borrowed funds.

Two debt to equity ratios printers should consider are analyzed below:

	Printemps	Profit Leaders
1. $\frac{\text{Total Liabilities}}{\text{Equity}}$ =	1.59	0.85
2. $\frac{\text{Long-Term Liabilities}}{\text{Equity}}$ =	0.68	0.35

The first debt to equity ratio means that for every dollar in shareholders' equity, Printemps has $1.59 in liabilities. Profit Leaders, on the other hand, have only $0.85 in liabilities per shareholder dollar. It's hard to say what the perfect combination should be. Interest and repayment requirements usually make the use of borrowed funds riskier than the use of ownership funds. Dividends to shareholders are usually at the discretion of corporate directors and invested capital does not have to be repaid.

The second leverage ratio measures the proportion of long-term debt to equity. Again, no one can say what the acceptable ratio is for a particular company. The ratio for Printemps is 0.68 and for all Profit Leaders is 0.35. Generally, the ratio has been steadily rising for all firms, and has been slowly decreasing for the Profit Leaders. This trend seems to indicate that the Profit Leaders are becoming more financially secure and that printing managers should maximize shareholders' equity as a source of funds.

PROFITABILITY RATIOS

The majority of profitability ratios lie within the income statement. However, one major profitability ratio measures the effectiveness with which the company's investment (found in the balance sheet) has been utilized in order to produce that profit. This ratio is called the Return On Investment and is discussed in a later section.

Significant facts in these ratios are often particularly important statistics for printers. They are as meaningful as financial statements, and are often the lowest common denominators which can be easily managed to produce higher profits.

INVESTMENT

The objective in this section is to analyze assets used per employee. From the information found in the significant facts section, you will note that High Profit companies generally invest more assets per employee. As sales volume increases, assets invested per employee also increase. Significant facts related to investment are defined and explained below.

Assets per Employee - All Employees	=	Assets (Net) / Number of All Employees	=	This ratio includes all assets -- current, fixed (net of depreciation), and others. It indicates the adequacy of the funds employed.
Assets per Factory Employee	=	Assets (Net) / Number of Factory Employees	=	This ratio is similar to the one above, but shows assets per factory employee.
Average Net Worth per Employee	=	Shareholders' Equity / Number of All Employees	=	This figure tells what part of the first ratio (assets per employee) is funded by shareholders' investment.
Average Gross Plant Investment per Factory Employee	=	Plant Machinery and Equipment (Gross) / Number of Factory Employees	=	This is a "key fact". It is obvious that the trend is toward more equipment per factory employee.
Net Worth Percentage of Fixed Assets	=	Shareholders' Equity / Fixed Assets (Net)	=	This ratio indicates the relationship between funding fixed assets and shareholders' equity. Fixed assets should never be funded with current debt, but with long-term debt and shareholders' equity. This equity should also fund about 50% of all assets -- an indication of funding strength.

SALES

The category of sales provides information on sales per employee. These statistics are determined twice -- once including executives and then excluding them. Here, we will address statistics excluding executives. The following sales proportions are particularly noteworthy:

Sales per Employee	= Sales / Number of All Employees	=	This is an invaluable number. The only better ones are the two ratios below.
Sales per Factory Employee	= Sales / Number of Factory Employees	=	This is a refined number of sales produced per factory employee.
Sales Less Materials per Factory Employee	= Sales Less Materials / Number of Factory Employees	=	This ratio is the Value Added per factory employee -- one of the most important ratios in the Ratio Study. You must know this number and plan to improve it; the end result will be improved profit.

EMPLOYEE DISTRIBUTION

This category of significant facts presents the percentage distribution of employees by departments. For example, for all firms reporting in the PIA Ratio Study, the distribution is as follows:

Factory	74.41%
Administrative	14.02
Sales	11.57
	100.00%

The most important fact here is the percentage of factory employees. A firm with too many factory employees and not enough administrative and selling employees would be a rare exception to the norm. Factory employees produce the product and their productivity generates revenue.

Often, a very simple observation serves as an indicator of productivity. Are there enough factory employees to produce the product, to support the overhead and provide a profit? This seems elementary but in many cases turns out to be a revelation. Note that the percentage of factory employees is about 70% for very small firms, and rises to approximately 83% of all employees for the largest firms. There is a specific characteristic for each sales class -- a very simple, but valid relationship.

SALES PER SALESPERSON

This ratio is computed as follows:

$$\frac{\text{Sales Produced by Salespersons}}{\text{Number of Salespersons}}$$

To use this ratio properly, you must be very specific in taking into account your sales volume as well as your product and process specialties. In analyzing the significant facts section of the book, All Printers By Sales Volume, note that sales per salesperson in a small firm ranges from about $66,000 to $150,000 and that the figure rises to $1,790,000 for firms with sales over $10,000,000. This rise occurs throughout sales classes. You must zero in on your sales class and relate your figures to the product and process specialties in the other PIA books in this series. Data for publications printing will differ from that for commercial printing, and data from web-offset companies will be different from sheetfed offset company data.

PAYROLL

Payroll statistics are computed first by including fringe benefits and executive compensation, and then again by excluding these factors. Thus, there is a separate section within this category for executive payroll.

The first item in this category is total payroll as a percentage of sales. This includes factory, administrative and sales payroll, and is computed as follows:

$$\frac{\text{All Payroll Costs}}{\text{Sales}}$$

This ratio is affected by a firm's size. Payroll as a percentage of sales shows a definite downward trend as the size of the firm increases.

The next ratio is factory payroll as a percentage of gross plant investment. It is computed as:

$$\frac{\text{Factory Payroll}}{\text{Machinery and Equipment (Gross)}}$$

On average, this ratio equals about $0.81 per year in payroll costs per dollar of gross plant investment. This is a very qualitative statistic and the absolute number requires further evaluation. Of course, more than an 81% ratio would be better if the company were fully equipped. In this case, there would be a maximum utilization of equipment. However, it is still possible to have over an 81% ratio as the result of inadequate plant facilities. In other words, the number doesn't tell the full story.

Payroll per employee. This category provides an absolute amount of payroll per employee and, more specifically, per factory, administrative and sales employee. These numbers are presented for "All Firms" and "Profit Leaders" in each sales class.

Note that, in some cases, Profit Leaders pay less per employee. However, one must put aside the notion that higher profit has to do with lower payroll costs. We have already established that Profit Leaders have a lower relative payroll cost, but that this is related to a higher capital investment per employee and a greater Value Added per factory employee.

A separate subheading in this category addresses payroll per executive for all employees, and then again, payroll broken down more specifically per factory, administrative and sales executive.

PROFIT

Gross profit percentage is computed as follows: first, determine your gross profit -- sales less the cost of goods manufactured. Then relate gross profit to sales.

$$\frac{\text{Gross Profit}}{\text{Sales}} = \text{Gross Profit as a Percentage of Sales}$$

	All Firms	
	All Firms	Profit Leaders
Gross Profit as a Percentage of Sales	23.70%	27.94%

Smaller firms require a higher gross profit percentage. In firms with up to about $5,000,000 in sales, the High Profit Standard is approximately 29% of gross profit. At that point, the gross profit required becomes less because of relatively lower administrative and selling expenses.

Many printers are searching for a mystical formula to produce high profits. That formula need not be as mystical as they think. There really is a way to produce a higher gross profit. The source of higher net profits lies in increasing gross profits. This directs us to:

- Pricing
- Material costing and control
- Increased Value Added per factory employee
- Expense control

The average gross profit per factory employee is an excellent lowest common denominator with which to gauge your profit performance. It is computed as follows:

$$\frac{\text{Total Gross Profit}}{\text{Number of Factory Employees}} = \text{Average Gross Profit Per Factory Employee}$$

Another interesting statistic is average net profit before taxes per employee. For All Firms, this figure is $3,326 as compared to $9,555 for Profit Leaders.

Income before taxes as a percentage of sales for all printing firms in the Ratio Study was 4.14%, compared with 11.79% for the Profit Leaders. The percentage for All Firms is much too low; it returns a dismal 7.65% on investment. High profit firms realize 15.65% Return on Investment.

After your bills are paid, where do you put your excess cash? Obviously, you put it where you can get the highest return, consistent with safety. If, for example, you could get 10% on U. S. Treasury Bonds you wouldn't be satisfied with a return of only 7%. Yet, a 7% Return on Investment is what the average printing firm produced in 1985. Printing managers cannot settle for such a low return if they are to keep their companies profitable.

Return on Investment (ROI) refers to the capital used to produce income. It is a very simple computation, analogous to figuring simple interest or introducing a time element involving alternate decisions and capital expenditures, or compound interest. Mathematically, ROI is:

$$\frac{\text{Income}}{\text{Assets}} = \text{Return on Investment (ROI)}$$

ROI - 1985 Ratios: All Firms - 7.65%; Profit Leaders - 15.65%

Return on Investment (ROI) incorporates the two major factors in measuring profits, income and investment, and therefore is considered the most comprehensive measure of profitability. There is often disagreement as to whether net assets or gross assets should be used to compute ROI.

ROI is gaining more and more acceptance as a measure of profitability in printing companies. This is due to the fact that printing is a capital intense industry and printing firms generally have high fixed assets against which their profit performance is measured.

The importance of ROI is evident from its history in the printing industry. Since ROI was introduced in the 1967 PIA Ratio Books, the Individual Computer Printout has been expanded to include ROI, an entire annual PIA financial meeting has been devoted to the concept, and PIA conducted a special historical case study on ROI. This study revealed a decline in investment turnover and showed the effect of this on the ROI rate when there is not a corresponding increase in profit as a percentage of sales.

PIA has remained a strong advocate of the ROI concept and consistently urges that its members become familiar with it and use it to measure their company's performance.

DEFINING RETURN ON INVESTMENT

The ROI ratio produces, as a percentage, an annual rate of return on assets used to produce income. It is the same as an annual interest rate that one would receive on a bond or other type of investment.

The simple ROI formula is a reduction of the following ratios:

$$\frac{\text{Income}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Assets}} = \text{ROI}$$

The first fraction is income as a percentage of sales. This is the percentage to which you must pay particular attention in order to improve your ROI. We will discuss this further under the heading "Return on Investment Dilemma."

The second fraction is called "investment turnover" or "asset turnover." The term "investment" in this context refers to assets used to produce earnings.

The "sales" in the denominator of the term "income as a percentage of sales" and the "sales" in the numerator of "investment turnover" can be cancelled. We have already done this in order to obtain the simple expression "Income over Assets." However, it is still best to think of these two fractions as dynamic elements in ROI management.

Here is an example of an ROI computation:

Sales	$1,000,000
Profit Before Taxes	120,000
Assets	500,000

$$\frac{\$\ 120{,}000\ \text{Income}}{\$1{,}000{,}000\ \text{Sales}} \times \frac{\$1{,}000{,}000\ \text{Sales}}{\$\ 500{,}000\ \text{Assets}} = \text{ROI}$$

$$12\% \times 2 = 24\%\ \text{ROI}$$

In the PIA Ratios, income is...

...income before interest expense, other income and taxes.

Assets are...

...gross assets employed before deduction of accumulated depreciation and amortization.

As these are not necessarily commonly used definitions, we will discuss them in more detail.

Income Before Interest, Other Income and Taxes. Our terminology refers to income as income before interest, other income and taxes. Most published studies base ROI on after-tax profit. The reasoning is that taxes are expenses, just like any other expenses. However, since the amount of tax varies so widely from one situation to another, computing ROI before taxes provides a more meaningful standard.

By using profit before interest expense, we are able to compare the return on investment from operations, excluding interest which is considered to be a cost of raising capital.

For example, if your return on investment is 25% and your cost of interest is 17%, it pays to borrow funds which will, in turn, produce a greater return. By the same token, it would not pay to borrow funds at an interest rate greater than your ROI. You can see that, if interest were deducted from profit, it would not be valid to compare your return on investment with the cost of capital to determine whether an ROI decision is valid.

Non-operating income and expenses normally are excluded from our calculations. It is important that you remove non-operating assets from your investment figure as well.

DEPRECIATION

Some printers, for financial or tax reasons, compute depreciation by accelerated depreciation methods. This produces higher depreciation in the early years of an asset's life than does the straight-line method. If accelerated depreciation is used, the excess depreciation should be added back to profit in order to compute ROI.

Since accumulated depreciation is not deducted from fixed assets in arriving at total investment or assets, some people theorize that depreciation should not be deducted from income for ROI purposes. This concept, though, does not have too many advocates.

VALUATION OF ASSETS

There are four ways to look at asset-valuation bases:

- Gross Assets at Book Value - Assets are at their original cost without deduction for accumulated depreciation.
- Net Book Value - Assets are valued at original cost less accumulated depreciation.
- Replacement Value - This is the same as Gross Assets, but adjusted for the difference in their replacement cost.
- Market or Actual Cash Value - Similar to Net Book Value, but asset costs have been changed to reflect replacement cost less the proportional accumulated depreciation.

Each of these ways of valuing fixed assets has considerable merit. The Replacement Value and the Replacement Value less Accumulated Depreciation are approaches you may want to use on your own as they can be very meaningful depending on your circumstances and objectives. For internal management purposes use the most accurate value of your equipment that you can. In these PIA Ratio Studies, however, we are limited to determining ROI by Gross Assets at cost and Net Book Value.

NET ASSETS VS GROSS ASSETS

ROI has substantially different results when computed on Gross vs Net Assets. For a number of years, PIA Ratio Studies have been computing ROI based on Gross Assets. This is the so-called DuPont method, which has the advantage of alerting management when ROI begins to decrease and equipment needs to be replaced.

Under the Net Asset method, a higher ROI may justify continued use of existing equipment. The Gross Asset basis has its purpose, but is not as accurate as the Net Asset Method.

ROI based on Net Assets is computed as follows:

$$\frac{\text{Income Before Taxes, Interest, and Other Income or Expense}}{\text{Assets Less Accumulated Depreciation}}$$

For "All Firms," this is 10.99%; for "Profit Leaders," 21.27%.

The net asset method may produce a more valid operational ROI and a more accurate computation.

WHAT IS A FAIR ROI?

The "All Firms" ROI of 7.65% on gross assets and 10.99% on net assets is hardly adequate to justify investment. The "Profit Leaders" ROI is 15.65% on gross assets and 21.27% on net assets. The high-profit companies appear to achieve an ROI more commensurate with the economic risk.

There are substantial risks in the printing industry and, therefore, the return related to that risk should be significantly higher than prevailing interest rates. Generally, a fair ROI should exceed 20% on a new-asset venture, or 30% on net assets.

RETURN ON INVESTMENT DILEMMA

Since ROI is computed by multiplying "income as a percentage of sales" by "investment turnover," it would appear that we could increase our ROI by increasing one or the other factor, or both. This is true, but first a little background is necessary. We will limit our statistics to the Profit Leaders.

The investment turnover for Profit Leaders in this year's Ratio Study is 129.87%. This means that these firms achieved $1.30 in sales for each $1.00 of assets employed. Let's look at the historical record of investment turnover.

This year	129.87%
1984	131.54
1983	131.84
1982	141.56
1981	142.49
1980	141.42

Until 1982, the investment turnover remained fairly steady. Since then, however, there has been a downward trend in the investment turnover. Interspersing capital cost of printing equipment accounts for this downward trend. By comparison, the income for the Profit Leaders has remained fairly level during this period. Therefore, as the cost of equipment increases, the need for an increased level of income becomes apparent if a fair return on investment is to be achieved.

This can best be explained with an example:

	Old	New
Equipment	$ 50,000	$200,000
Investment Turnover	200%	140%
Desired Return on Investment	20%	20%

Return on Investment = Investment Turnover x Profit as a % of Sales.

					Profit Needed As A % Of Sales
ROI	=	Income / Sales	x	Sales / Assets	
Old 20%	=	$ 10,000 / $100,000	x	$100,000 / $ 50,000	10%
New 20%	=	$ 40,000 / $280,000	x	$280,000 / $200,000	14.3%

To maintain the desired 20% ROI, one would need a profit of 14.3% on sales with the new equipment, as opposed to a 10% profit on sales with the old equipment.

There are two traps to avoid in ROI:

1. When you increase the assets you employ, you must also increase your profit as a percentage of sales to maintain a fair return on investment. If you don't, your ROI may be diminished.

2. Your new selling price with a higher profit mark-up may still be lower than your price using the old equipment. The new equipment should produce a lower unit selling price despite the higher cost rates and higher required margin. If this were not true, there would be no economic justification for replacing old (less capital intense) with new (more capital intense) equipment.

YOUR ULTIMATE GOAL: THINKING ROI

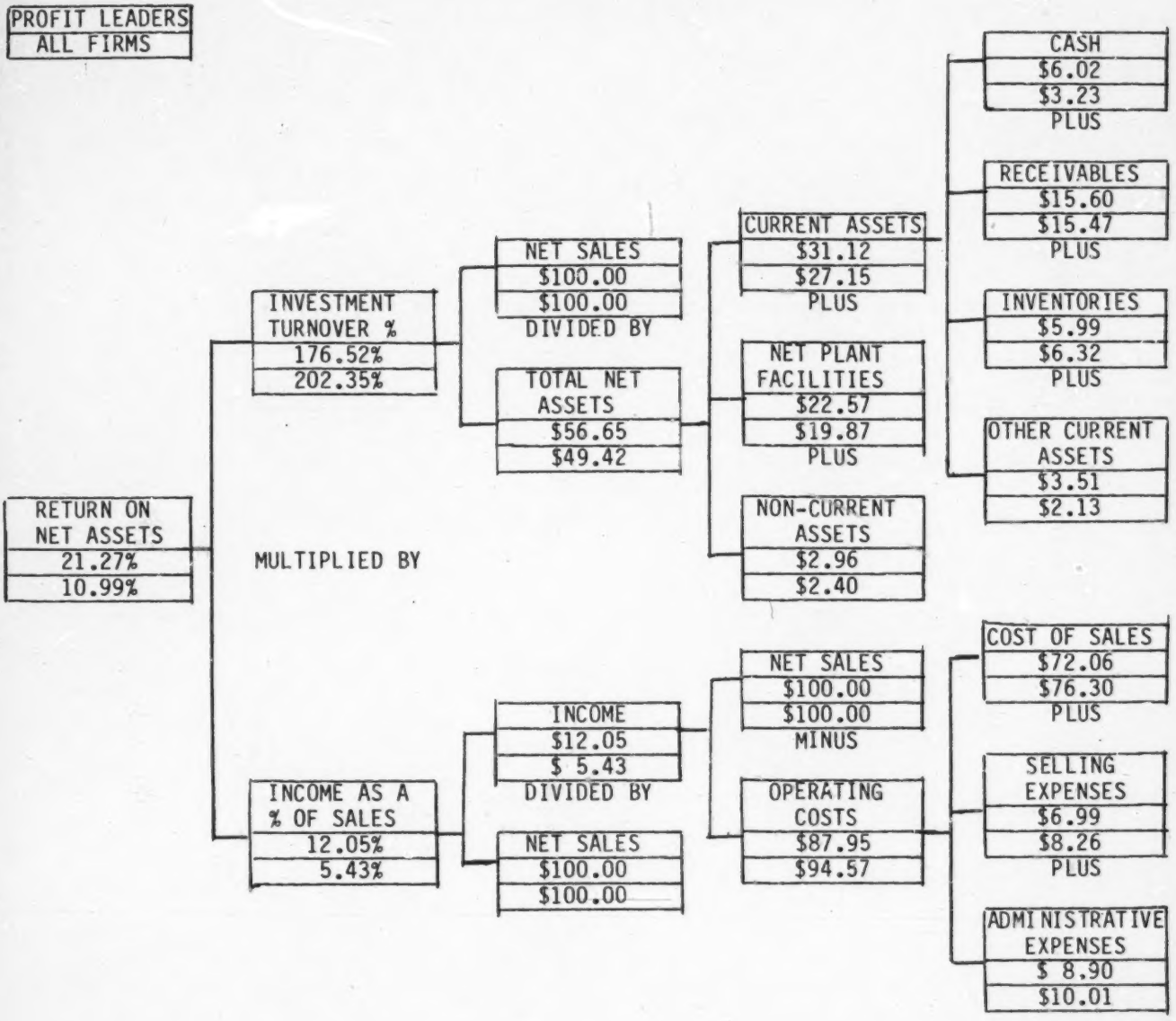
Thinking ROI is like working backwards. Thus, a competent printing manager might plan along these lines:

1.	Capital to be employed		$400,000
2.	Desired ROI: 20% of capital employed		80,000
3.	Sales to be achieved from new assets employed: 140%		560,000
4.	Required profit as a percentage of sales:	$ 80,000 / $560,000	= 14.3%

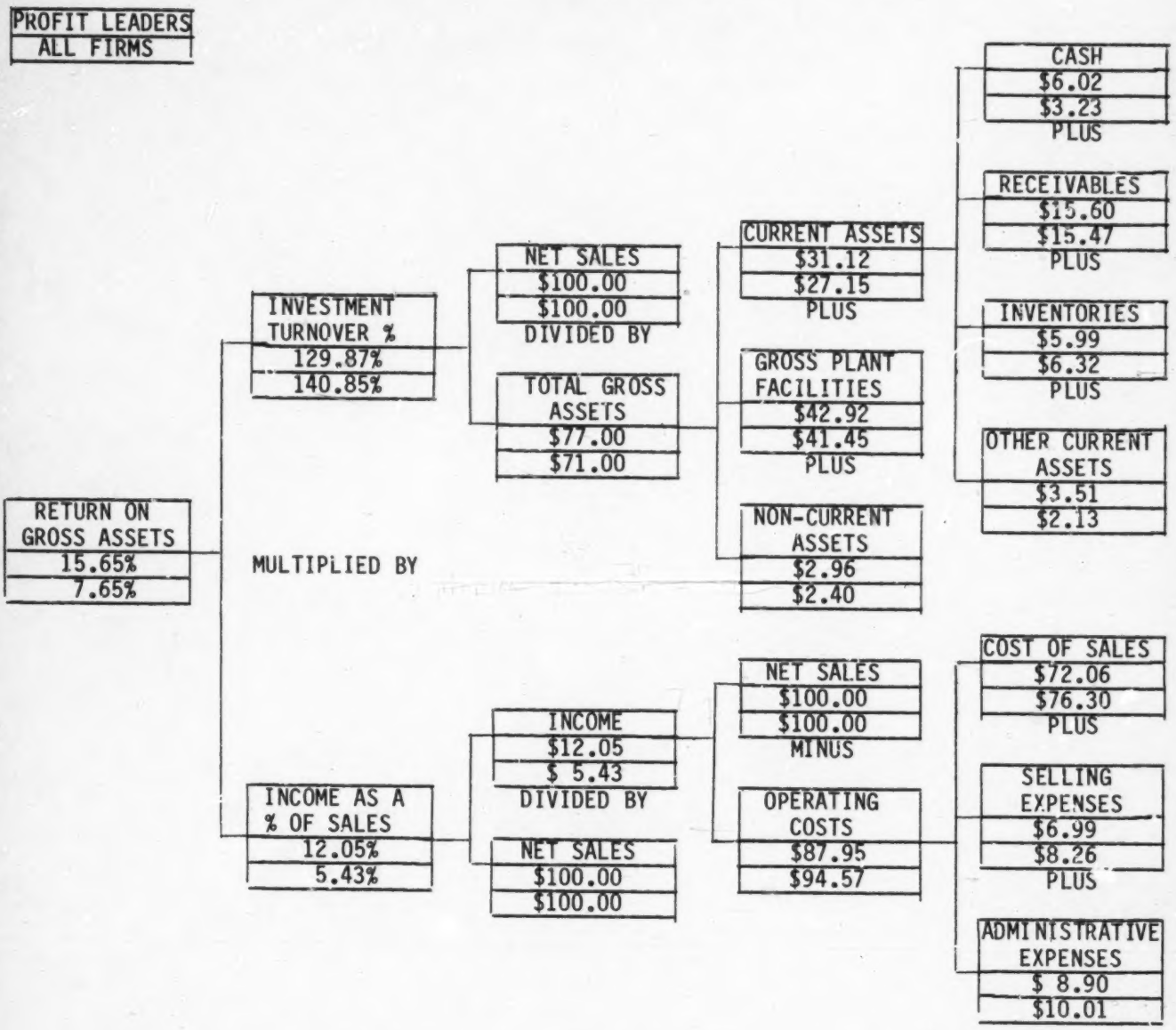
This example shows that you must strive for a 14.3% profit on sales to produce a 20% ROI on the capital you employ.

In conclusion, while profit as a percentage of sales must be maximized, make every effort to increase the investment turnover and thus derive a strong Return on Investment.

RETURN ON INVESTMENT CHART - BASE: $100 OF SALES (NET ASSETS)



RETURN ON INVESTMENT CHART - BASE: $100 OF SALES (GROSS ASSETS)

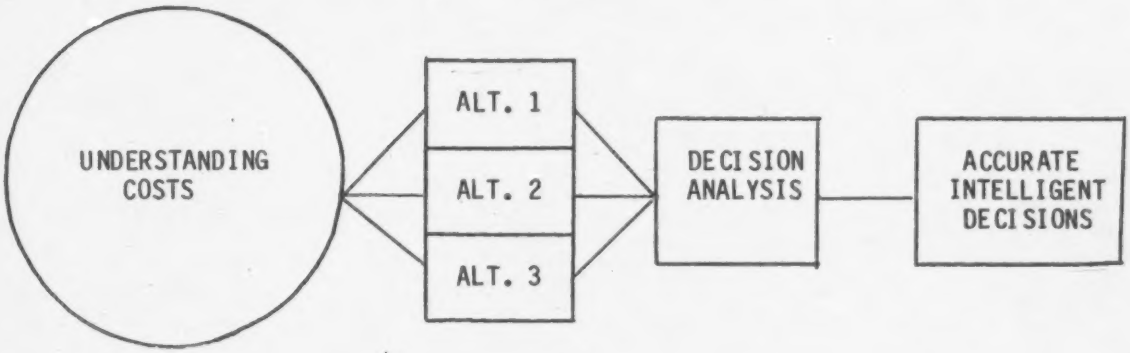


SECTION 3 - MEANINGFUL TOPICS RELATIVE TO THE GRAPHICS ARTS INDUSTRY

A BREAK-EVEN ANGLE TO COST/VOLUME/PROFIT

Costing and pricing decisions can "make or break" a printing manufacturer. The printer is constantly faced with decisions about selling prices, fixed costs and variable costs. These decisions can be made intelligently if the printer understands fully and utilizes pricing techniques and cost-volume-profit relationships. Of course, some factors the printer cannot control. Competition and market pressures will influence pricing decisions; likewise, although costs do not determine the sales price, they do influence what that price will be. Understanding cost behavior prepares the printer to make accurate predictions, thus insuring good pricing and other financial management decisions. Utilizing these concepts, a printer is more likely to be able to answer questions such as:

What printing techniques are most profitable?
Are we charging enough?
Should we concentrate on web sales?
Are we getting "the most" out of our press?
Could we expand? Should we expand?



COST KNOWLEDGE

The printer equipped with good cost knowledge will be able to manage and control expenses more efficiently. The springboard to understanding cost behavior is break-even analysis. Throughout this discussion, keep in mind that printing is highly specialized and normally does not have "shelf items" to sell. Also, recognize that break-even analysis may be of more benefit to some printers than others, but that all will be able to utilize its basic concepts in making good financial decisions. A printer may use the analysis on a job-by-job basis to determine whether to accept or reject certain jobs or may use it to project operating results for the entire company for a year. Similarly, the analysis may provide good answers to other key questions.

BREAK-EVEN POINT

Narrowly defined, the break-even (B/E) point is the point at which sales and expenses are equal, or, in other words, profit is zero.

B/E POINT: SALES - EXPENSES = $0

Do not misconstrue the term "break-even analysis". A printer obviously wants to do more than break even or he would not consider being in business. Breaking even is only the beginning of the basic principle underlying costing and pricing. Break-even analysis encompasses much more than breaking even. It can determine what volume of printing must be generated and sold in order to reach a desired level of income. It can also determine which jobs are profitable, and which are not.

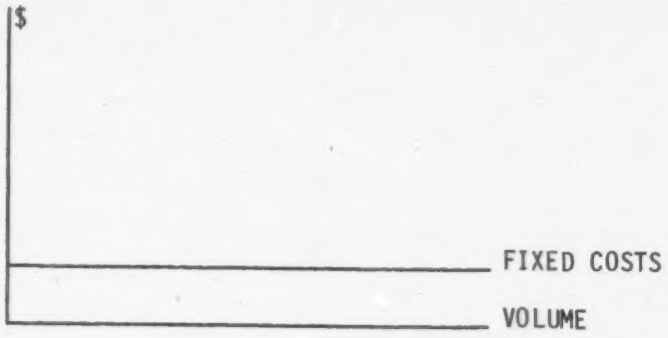
Before we investigate the break-even point further, however, let's consider two terms "sales" and "costs". The term "sales" needs no explanation; the more the better. Fortunately, printing sales volume has been on an upward trend and is expected to continue so. Unfortunately, costs are also rising. This is the area we must understand and manage effectively in order to stay ahead.

COSTS

A printing manufacturer has numerous costs. Some of them will vary in direct proportion to the volume of printing produced. Others remain relatively fixed in amount over a period of time. Some expenses contain both variable and fixed elements. It is important for the printer to segregate these costs to understand how they influence profits.

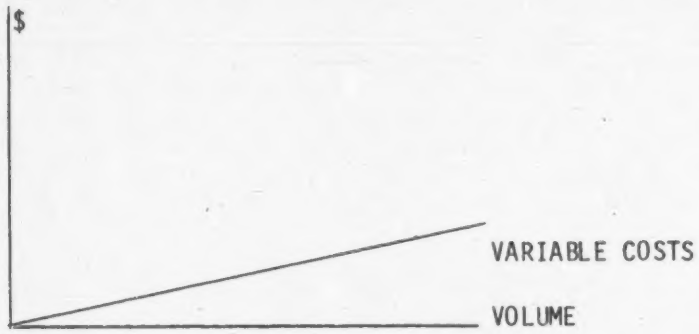
Fixed Costs

Fixed costs are expenses that remain the same regardless of the level of output over a period of time. Rent, depreciation, supervisors' salaries and real estate taxes are but a few examples. Factory expenses included in the PIA Ratio Study have their fixed elements segregated. (See PIA supporting Schedules in the Income Statements.)



Variable Costs

Paper, ink and direct wages are examples of a printer's variable costs. As the volume of printing rises, these costs will rise proportionately.



Mixed Costs

Caution. Recognize the fact that over a period of time some expenses cannot be compactly placed in the fixed or variable category. There are expenses that may vary with production at a certain point in time, but not in direct proportion. For example, one printing supervisor may be sufficient to oversee the work of the press department up to a certain point of production. If sales volume increases so that additional material and labor are necessary, a second supervisor may have to oversee the additional volume of printing.

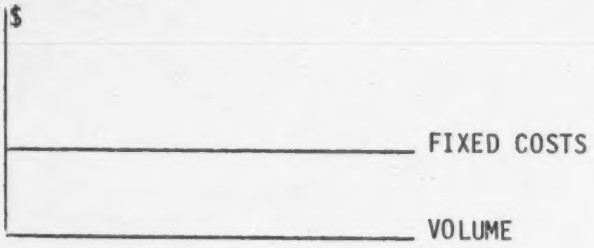
Conversely, if the volume of printing decreases, but only temporarily, there may be no need to reduce production staff. Yet, if the decrease in volume is considered permanent, a supervisor may have to be terminated. Therefore, in the short run, supervisory salaries are considered fixed; in the long run, they may be variable.

For this analysis, we will assume all costs can be classified as either fixed or variable. Normally, within a period of a year, one can accurately predict fixed and variable costs.

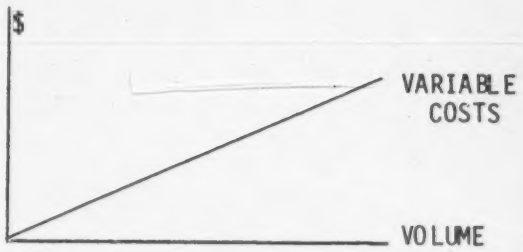
GRAPHING COSTS AND SALES

Combining fixed and variable costs on a graph together with the sales line emphasizes the break-even point. Graph number 4 below shows that once the break-even point is reached (fixed costs are covered) in sales volume, additional sales produce profits.

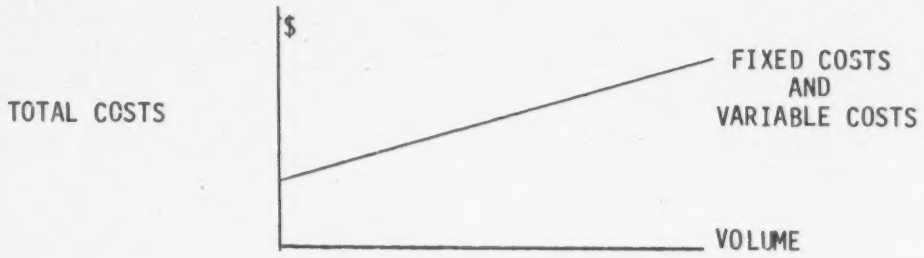
1. Fixed Costs



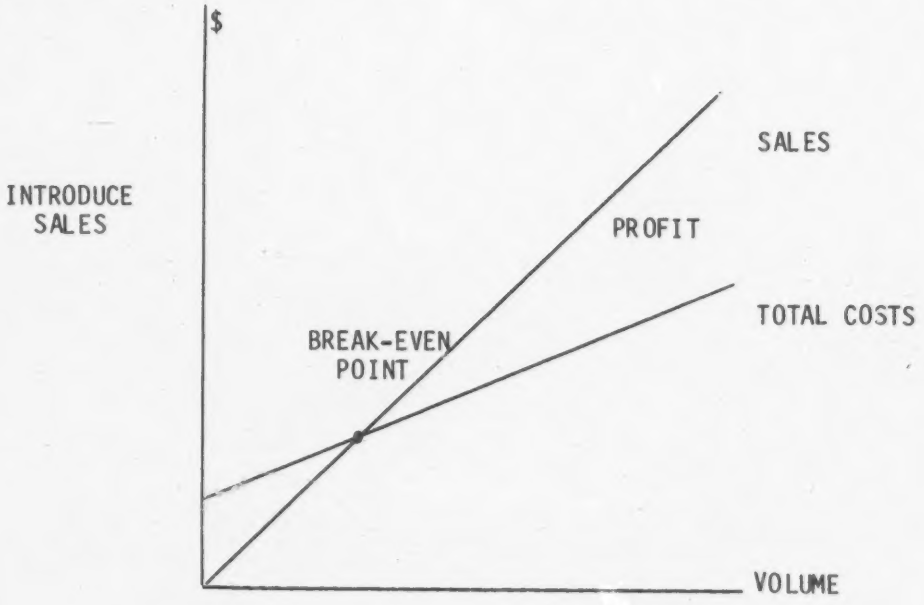
2. Variable Costs



3. Fixed and Variable Costs Combined



4. Break-even Graph



The above graphs assume that volume is the only factor influencing cost. Remember, other factors also influence costs and sales.

BREAK-EVEN ANALYSIS

What volume of printing must be sold to break even? What volume of printing must be sold to reach a target level of income? In printing, volume may be based on units (or thousands of units) of production, impressions per hour, dollar volume of sales, or other measures. For our simple illustration below, we will assume volume is based on thousands of units of production.

> Printer Ken would like to know what volume of printing he needs to break even. He has segregated his fixed and variable costs for the preceding year and has estimated what they will probably be in the current year. He has found that his total fixed costs will be approximately $500,000. His average sales price is $250 per thousand of units produced and his variable costs are $175 per thousand of units produced.

To find Ken's break-even point, he would use the break-even point equation and let X equal the number of thousand units needed to break even.

B/E Equation: UNIT SALES (in thousands) = VARIABLE COSTS + FIXED COSTS

$250X = $175X + $500,000

X = 6,667 THOUSANDS OF UNITS

So, Printer Ken would need to sell 6,667 thousands of units (or 6,667,000 units) of printing to break even.

> Now, Printer Ken would like to know what volume of printing he needs to match the average PIA Profit Leader's income level. (Historically, PIA Profit Leaders achieve an average of 12% income before taxes as a percentage of sales.)

The equation he will now use is:

UNIT SALES (in thousands) = VARIABLE COSTS + FIXED COSTS + DESIRED INCOME

$250X = $175X + $500,000 + .12($250X)

X = 11,111 THOUSANDS OF UNITS

Therefore, if he sold 11,111,000 units, he should expect his income before income taxes to be 12%.

Keep in mind that Printer Ken's break-even analysis was based on a particular set of assumptions. If his conditions change, a whole new set of cost-volume-profit relationships would appear.

OTHER APPLICATIONS OF BREAK-EVEN ANALYSIS

Break-even analysis may also provide other helpful information, particularly in budgeting and forecasting. Printer Ken may be considering a new plant layout and expansion. If he follows through with this plan, his fixed and variable costs may change considerably. To find out how much, he could plot his various levels of expected production along with expected changes in his fixed and variable costs and analyze results at different levels of production.

He may also use the break-even approach on a job-by-job basis. Some jobs will be accepted for reasons other than profit. Yet, to predict exactly how much income a particular job is adding to profits, the break-even approach is highly enlightening.

THE INVENTORY DECISION - LIFO VS. FIFO

Printers struggle to beat the battle of red ink and produce a profit. Lately, however, a hidden pirate has been gnawing away at after tax income: namely, the higher replacement costs of materials and supplies.

A printer claims a 12% profit on a $1,000 sale if expenses - including materials, supplies, factory payroll and overhead, as well as administrative and selling expenses and interest, total $880. But is this printer really left with a 12% or $120 profit? In manufacturing his product, he used a large dollar volume of materials and supplies, and now he must replace them. Meanwhile, though, the purchase price has risen. Where does the additional money come from? The obvious answer is that the replacement cost must be pilfered from the $120 profit.

Proper inventory accounting methods for materials and supplies can save printers substantial tax dollars. These lowered taxes translate into money that can be used to stave off high replacement costs. And the more material and supply prices increase, the more tax dollars are saved.

The two most common inventory methods in use today are FIFO (First-In, First-Out) and LIFO (Last-In, First-Out). Both methods are accounting tools to describe the flow of materials and supplies. They do not, though, have an effect on the actual placement of materials and supplies into manufacturing.

The majority of printers operate under FIFO inventory, which provides them with higher end of the year after tax profits on the books than does LIFO. Unfortunately, this is "fool's profit". LIFO, on the other hand, shows lower profits on the books, and consequently, results in lower taxes.

The FIFO system theorizes that a printer uses materials and supplies that were purchased a long time back -- when prices were lower. Recently purchased goods (bought with higher prices) are said to be the last to go into production and, therefore, are inventoried at a higher price. Since material and supply costs are deducted from sales (along with other costs of operating a business) in order to determine pretax profits, these low expenses will bounce profits to a false higher level.

At first glance, the high profits may appear appealing. But remember, corporate taxes are calculated on profits. In effect, what you're doing is reporting too high a profit to the IRS much in the same way as if you had understated your selling and administrative expenses.

Valuing inventory with the LIFO method means that, in theory, a printer places his most recently purchased materials and supplies into production first. Again, during inflationary times, the most recent purchases represent higher dollar figures than do earlier purchases.

These high valued cost factors result in a more realistic, lower profit. In turn, less taxes are levied and the printer is left with more money available to help offset his rising costs.

Remember, as a practical matter, FIFO and LIFO only represent the hypothetical flow of goods through your plant and, in reality, there is no difference in real pretax profits in the two inventory pricing methods. While reported profits are likely to vary significantly, your true profits (before taxes) are the same. In both methods, the exact same amount of pretax cash (income and expenses) flows in and out. The only difference is the total taxes levied. FIFO followers will pay more tax dollars than their LIFO counterparts.

Furthermore, as prices climb, the difference between FIFO and LIFO users' tax payments increases correspondingly. LIFO users will be left with the increased value of work in process (materials and supplies) untaxed. This untaxed increased value is usually sufficient to pay for inventory replacement. The FIFO taxpayer does not have this advantage.

The example shown on page 72 demonstrates exactly how significant the tax savings can be for a printing firm opting for LIFO over FIFO. In both cases, all reported income and expenses are exactly the same -- with the notable exceptions of materials and federal income taxes.

Using FIFO, the printing firm with $1,000,000 in sales values its inventory on a first-bought, first-used basis. This means that the company is reporting that the materials it places into production were purchased back when prices were lower than they are today. The $350,000 figure entered for materials will not buy the same volume of materials in the current market.

Converting to LIFO inventory, the same company saves $9,200. The printing firm reports that the materials required to produce its $1,000,000 in sales were valued at the current (most recently purchased) market price and not necessarily at the actual price paid for them. The LIFO method shows that $370,000 worth of materials were used, some $20,000 over what the same company reported under FIFO.

The $20,000 in materials drops income before taxes down by, naturally, $20,000. In effect, the figure shows that the LIFO system leads to lower ($9,200, in this example) taxes.

Assuming that the printer is going to replace all of his used materials, his actual costs will come much closer to the $370,000 figure shown in the LIFO approach than to the $350,000 in the FIFO entry. Under FIFO, the company will have to pluck $20,000 from its after tax profits and add it to its reported $350,000 materials used in order to replace the goods; this decreases the $84,000 to around $64,000, or $9,200 less than the $73,200 produced by the LIFO method.

This $9,200 is not merely an "on paper" savings. Rather it is a cash in the bank savings achieved by lower tax payments. If material costs (most recently purchased) had increased more than the $20,000 our example indicated, it's not hard to see how an even greater tax savings would have occurred. Graphic arts firms are foolish to continue to report high profits realized under the FIFO method and should take immediate steps to convert to the more favorable pretax profits enjoyed by LIFO users.

Because LIFO generally represents a change in inventory planning for graphic arts executives, questions about the method naturally arise. The following exchange is a sampling of some of the most commonly asked questions.

Q. How does a printing firm switch from FIFO to LIFO?

A. All you have to do is file Form 970 with Internal Revenue Service explaining exactly what your inventory method entails. You don't have to receive permission; you just sit back and collect the tax benefits.

Q. Wouldn't you be less likely to receive a bank loan using LIFO instead of FIFO? After all, your profits are lower!

A. Bankers are aware of the difference FIFO and LIFO make in profits. They can easily adjust, either up or down, the reported profit figures from both methods.

Q. How far back can you go when valuing inventory under LIFO? 2 years? 10 years? 50 years?

A. In the year that your conversion takes place, you use the previous year's ending inventory as your beginning. Any increases in inventory would come in beginning of the year purchases. Then, at the end of the next year you go back to that base, which is now two years old, as your starting point. If both you and your business last another 50 years, in 2035 you start your inventory with the tier that came in January 1, 1985.

Q. Do we have to keep our inventory records at these LIFO values? What good are my paper and work-in-process inventories at prices that I paid in 1975?

A. If you keep your cost sheet at current hourly rates and your perpetual paper inventory at current prices, you can turn your FIFO inventory over to your accountant for conversion to LIFO using the index factors.

Q. If you're going to sell your business, wouldn't you lose money by not using the FIFO system? Under LIFO, your profit is lower and the inventory on the balance sheet is lower.

A. First of all, you should operate your business as efficiently as possible -- not merely to report "fool's profits". But, if you do want to sell, you explain to your buyer how your inventory method works. Then, you sell your inventory at the current replacement cost and not at your LIFO value.

Q. Can I price all inventories by the LIFO method including work-in-process, paper, other chargeable materials (ink, film, plates and others), and non-chargeable supplies?

A. Yes. You are talking about big dollars and in a growing firm this amount keeps increasing. The LIFO inventory reserve gets bigger and the tax saving accumulation becomes more substantial.

FIFO VS. LIFO: COMPARISON OF PROFIT AND TAXES

	FIFO METHOD	LIFO METHOD
SALES	$1,000,000	$1,000,000
FACTORY COST OF PRODUCT		
MATERIAL*	350,000	370,000
FACTORY PAYROLL	260,000	260,000
FACTORY EXPENSES	106,000	106,000
	716,000	736,000
GROSS PROFIT	284,000	264,000
ADMINISTRATIVE AND SELLING EXPENSES	160,000	160,000
	124,000	104,000
INTEREST	10,000	10,000
	114,000	94,000
OTHER INCOME	6,000	6,000
INCOME BEFORE TAXES	120,000	100,000
FEDERAL INCOME TAXES	34,950	25,750
AFTER TAX PROFIT	$ 85,050	$ 74,250

* COST OF MATERIAL USED

INVENTORY - JANUARY 1	$ 150,000	$ 150,000
PURCHASES	360,000	360,000
	510,000	510,000
	(320,000 lbs. @ $.50)	(320,000 lbs. @ $.4375)
INVENTORY - DECEMBER 31	160,000	140,000
COST OF MATERIAL USED	$ 350,000	$ 370,000

Using the FIFO method, this printing firm valued its cost of paper at the most recent purchase price, $.50 per pound. Under LIFO, the same firm valued its paper at the earliest purchase price, $.4375 per pound. The FIFO system generates a "fool's profit" of $10,800 over the LIFO technique, while the LIFO inventorying method saves $9,200 in taxes.

1985 BUSINESS AND PERSONAL USE OF AUTOMOBILES

Automobile recordkeeping regulations have now been finalized by the Internal Revenue Service and we present below the most important features of the revised regulations.

The need for "contemporaneous" recordkeeping is eliminated completely. Thus, for tax years beginning after 1984, the "old" rules are in effect under which expenses and credits can be substantiated either by adequate records or by sufficient evidence, oral or written, corroborating your own statements. The "old" rules apply in 1985 only to away-from-home travel. Local travel will come under these rules starting in 1986. What are the "old" rules? With respect to any expenditure, the time and place of travel or entertainment, or the date and description of gift, is necessary. Additionally, the business purpose of the travel, entertainment or gift should be recorded as well as the business relationship of each person entertained or to whom a gift is given.

Although there is no longer any need for "contemporaneous" recordkeeping, some type of records must be kept by users of company furnished automobiles to indicate the personal miles used on a business car. (We'll discuss below the reasons for this.) These records can be eliminated entirely under the following circumstances:

A. If the employer has a written policy statement indicating that, other than for de minimus personal use, the car is used entirely for business purposes and will be housed on the employer's premises when not in use.

B. With regard to commuting, the employer must require the employee to commute for business reasons and must include in the employee's gross income $3 per day for each day the employee commutes to and/or from work.

C. Please note, the $3 per day commuting gross income does not apply to officers or 1% owners of businesses.

For 1985 income tax reporting, there will be a number of questions to be answered relating to personal and commuting mileage, total mileage, etc. Corporations who furnish cars to their employees must obtain this information from the employees not only for answering these questions on the corporate tax return, but also to establish the dollar value of the personal use of the car in order to report additional compensation for the employee.

For tax years beginning after 1985, any vehicle which, by reason of its nature, is unlikely to be used for more than a minimal amount for personal use is exempt from recordkeeping of any kind. Examples given are: forklifts, cement mixers, dump trucks, garbage trucks, etc.

There have been significant changes in both the Investment Tax Credit and depreciaton of automobiles. Investment tax credit for passenger automobiles is reduced to a maximum of $675 ($450 if a reduced investment tax credit is elected). Depreciation is limited to a maximum of $3,200 for the first year and $4,800 per year thereafter. This applies to "passenger automobiles" -- meaning any four-wheeled vehicle for use primarily on public streets rated at 6,000 pounds gross vehicle weight or less.

For cars purchased between June 19, 1984 and May 2, 1985, the original rules of the Tax Reform Act of 1984 apply. (Under those rules, investment tax credit was limited to a maximum of $1,000 and depreciation to a maximum of $4,000 the first year and $6,000 per year thereafter.) All of the above limits are subject to further reduction for the percentage of personal use applicable to each vehicle and if any vehicle is used less than 50% for business, no investment tax credit is permitted and only straight-line depreciation over a period of five years is permitted.

The Internal Revenue Service has provided a method of determining the value of the personal use of an automobile. Regulation 1.61-2T provides, in general, that the recipient of a fringe benefit must include in gross income the amount by which the fair market value of the fringe benefit exceeds the amount paid for the benefit (if any), and the amount specifically excluded from gross income by other sections of the Internal Revenue Code. However, the Internal Revenue Service has provided a special rule under Regulation 1.61-2T described as the "Annual Lease Value" table. An employer may elect to use this table in determining the annual amount to be charged to an employee for his personal use of an automobile. The table provides a gross annual lease value based upon the automobile's fair market value on January 1, 1985. (For cars on hand at January 1, 1985 we suggest using the "Blue Book" auto dealers' value.) The gross annual lease value is then multiplied by the percentage of personal use of the automobile to determine the dollar amount to be included in the employee's W-2. The Annual Lease Value Table is shown below.

Not only has the Internal Revenue Service determined how much must be considered additional compensation for your personal use of a company car, they have also decreed that taxes must be withheld from such amounts. Normally, income and other employment taxes must be withheld for each pay period. The employer may elect, however, to withhold quarterly, semi-annually, or annually. One major exception is -- the employer may elect <u>not</u> to withhold income taxes (but must withhold FICA) on the value of personal use of an employer-provided automobile. The employee must be notified of the employer's election and the value of the personal benefit must be included in the employee's W-2. The employee of course, can change his withholding tax by submitting a new W-4 form to his employer in order that additional taxes will be withheld to cover the additional compensation for personal use of company cars.

ANNUAL LEASE VALUE TABLE

AUTOMOBILE FAIR MARKET VALUE	ANNUAL LEASE VALUE
$ 0 - 999	$ 600
1,000 - 1,999	850
2,000 - 2,999	1,100
3,000 - 3,999	1,350
4,000 - 4,999	1,600
5,000 - 5,999	1,850
6,000 - 6,999	2,100
7,000 - 7,999	2,350
8,000 - 8,999	2,600
9,000 - 9,999	2,850
10,000 - 10,999	3,100
11,000 - 11,999	3,350
12,000 - 12,999	3,600
13,000 - 13,999	3,850
14,000 - 14,999	4,100
15,000 - 15,999	4,350
16,000 - 16,999	4,600
17,000 - 17,999	4,850
18,000 - 18,999	5,100
19,000 - 19,999	5,350
20,000 - 20,999	5,600
21,000 - 21,999	5,850
22,000 - 22,999	6,100
23,000 - 23,999	6,350
24,000 - 24,999	6,600
25,000 - 25,999	6,850
26,000 - 27,999	7,250
28,000 - 29,999	7,750
30,000 - 31,999	8,250
32,000 - 33,999	8,750
34,000 - 35,999	9,250
36,000 - 37,999	9,750
38,000 - 39,999	10,250
40,000 - 41,999	10,750
44,000 - 45,999	11,750
46,000 - 47,999	12,250
48,000 - 49,999	12,750
50,000 - 51,999	13,250
52,000 - 53,999	13,750
54,000 - 55,999	14,250
56,000 - 57,999	14,750
58,000 - 60,000	15,250

AN OVERVIEW OF PRESIDENT REAGAN'S REVOLUTIONARY TAX PLAN

The President's tax proposals "for fairness, growth and simplicity" may radically affect the way business is conducted. In particular, it is possible that significant tax burdens will be imposed on capital-intensive businesses. Should that be the case, the value of those businesses, their net income, dividend paying capacity and cash flow could be seriously impaired. At the same time, their ability to raise capital funds for modernizing their plant and equipment and maintaining and acheiving a competitive edge could likewise be seriously impaired.

All businesses will have to examine their fringe benefit and retirement programs, deferred compensation and executive compensation plans, life insurance programs, business entertainment and meals and perhaps even examine their very form of doing business since the maximum corporate and individual tax rates are intended to be brought close to one another.

These proposals contemplate that business taxes will be increased by about 25% while individual taxes, overall, will be reduced by about 7%. Please note, however, the business tax increase probably will not fall evenly on all businesses. Capital-intensive businesses, currently enjoying the greatest benefit under present law (ACRS, Investment Tax Credit, etc.) would seem to be the businesses that will be hardest hit under the new proposals. At the same time, it is possible, that because of the lower corporate income tax rates even capital-intensive businesses may wind up not paying substantially more in taxes.

It is evident from the foregoing, that should the President's proposals pass, very careful reevaluation of every business' present posture and its future plans will be required.

Let's get into some specifics of the President's proposals:

1. The tax corporate income tax rate would be decreased to 33% from 46%.

2. It is intended that the Investment Tax Credit be repealed entirely.

3. Depreciation write-offs would be made over longer periods of time.

4. There will be a 20% alternative minimum tax.

5. A "windfall tax" will be levied on those now benefiting from ACRS depreciation.

6. It is intended to eliminate the capital gain treatment on the sale of business property.

We shall outline below more detailed comments concerning each of the above items.

INVESTMENT TAX CREDIT

Should the Investment Tax Credit be repealed in its entirety, effective January 1, 1986, that still leaves planning possibilities for 1985. Needed and essential equipment can be purchased prior to the end of 1985 and we will still be able to utilize the Investment Tax Credit. Obviously, the decision to purchase the assets should not be dictated entirely by tax considerations but should have a solid, sound business purpose.

DEPRECIATION CHANGES

The President is proposing to eliminate ACRS and substitute something called the Capital Cost Recovery System. In general, this proposal tends to stretch out the length of time over which business and manufacturing equipment can be depreciated. However, part of the proposal includes a method to index future depreciation to inflation. Thus, although we may be required to depreciate the equipment over a longer period of time, we may also wind up actually depreciating more than 100% of the original cost of the equipment if inflation should increase the basis for depreciation.

CORPORATE ALTERNATIVE MINIMUM TAX

The current proposals contemplate a corporate alternate minimum tax computed by adding to regular taxable income certain preference items over $10,000, subtracting a threshold amount of $15,000 and making adjustments for operating loss carryovers attributable to preference items.

The alternative minimum tax picks up many preference items from the repealed add-on tax and adds some new ones. Here, again, great care must be given in planning financial transactions in order to take into account the impact of the alternative minimum tax.

THE "WINDFALL" TAX

Basically the concept here is to tax retroactively the benefits that businesses have received from using ACRS benefits between 1981 and 1985, inclusive.

The proposals are quite specfic indicating that 40 percent of excess depreciation taken after 1980 and before July 1, 1986 will be taxed over a 3 year period starting in 1986. In general, only taxpayers who claim substantial depreciation, $400,000 or more, would be affected and then it is proposed that there be an exemption of $300,000.

This proposal appears to be particularly difficult since there does not seem to be any way to avoid this "windfall" tax. Thus, many business cash flows could be seriously and adversely affected in 1986.

CAPITAL GAIN ON SALE OF BUSINESS PROPERTY ELIMINATED

Inflation adjusted gains or losses on depreciable business property would, under the new proposals, be treated as ordinary income or loss. The only item exempted from this treatment would be land used in a business (which is non-depreciable) and it is expected that land would retain the capital gain/ordinary loss benefit of current law. However, there is the distinct possibility that even land will no longer be afforded capital gain treatment.

There are many additional proposals, some much more favorable than the ones above. We list below the most important ones.

INVENTORIES

The proposals indicate that people using FIFO inventories will be able to index the inventories for inflation thus eliminating inflationary gains in inventory from tax. Those using LIFO would no longer have to conform their financial statements to their tax returns and thus could use FIFO for financial statement reporting but LIFO for tax reporting. Both proposals are obviously a plus.

DIVIDENDS PAID DEDUCTION

Most domestic corporations would be allowed a dividends paid deduction equal to 10% of dividends paid, provided the dividends were paid out of earnings subject to the regular income tax. This seems to be a small step toward the ultimate elimination of double taxation of corporate earnings, another plus.

SERVICE COMPANIES

Service companies with revenues over $5,000,000 annually may find themselves being forced to use the accrual method of accounting. This would probably apply to large law firms, large accounting firms and, possibly, some medical associations. While it is difficult to predict accurately the effect of the change to the accrual method, it is obvious that the Administration expects that this change will generate additional tax revenue.

REAL ESTATE

The real estate industry seems to be heading for difficult times. The President is proposing to stretch out the depreciation of real estate to 28 years from the current 18 years. This change, by itself, should have a serious effect on the value of real estate, decreasing it substantially. In addition, any gain on the sale of depreciable real estate may be taxed as ordinary income. This, also, should have a negative effect on the value of real property.

There are other, negative aspects of the proposal, such as the repeal of the rehabilitation tax credit, limiting losses in real estate investments to the amount at risk, and eliminating the use of tax exempt bonds to finance certain housing projects.

Until the real estate industry can react and adjust to these new conditions it is likely that the flow of funds to real estate projects will be drastically curtailed.

VACATION HOMES

The President has indicated that, on two fronts, the vacation home may be seriously attacked. First, he wants to eliminate the deduction of state and local taxes, including real estate taxes. Second, he proposes that, except for interest on a home mortgage which is the principal residence of the taxpayer, all other interest will be limited to $5,000 over the amount of investment income. Obviously, these proposals have a major impact on the acquisition of second or vacation homes by most taxpayers.

CAPITAL GAINS

The new proposals suggest that the maximum rate on capital gains be reduced to 17.5% from the current maximum rate of 20%. This represents a 12-1/2% reduction in the effective tax rate and could have some interesting effect in the stock market, making more attractive such things as start-up issues, high-tech issues, etc. It may also make it easier for issuers of securities to substitute equity financing for debt financing. Although the individual capital gains rate will decline to 17.5%, it is expected the corporate capital gains rate will remain unchanged at 28%.

BUSINESS ENTERTAINMENT

Under the President's plan, no deductions would be allowed for entertainment activity of any kind - including tickets for sporting events or the performing arts, the theater, ballet, opera, symphonies and orchestras. It would also eliminate deductions for entertainment facilities such as yachts, hunting lodges, and country clubs. Skyboxes, lounges, boxes or other similar arrangements fall into a similar category.

There is some question as to whether gifts, presently deductible up to $25 per donee, are affected by the President's proposals. If they are not, then it would appear that a business could still make a gift of tickets to a customer with a value not to exceed $25 and the cost of that would be deductible by the business purchasing the tickets.

The disallowance of entertainment expenses also could have significant impact on restaurants, night clubs, hotels, motels, convention centers, taxis and all forms of transportation.

The fall-out from this proposal is apt to be quite significant for almost every business.

The President further proposes to put a cap on the amount that can be spent for business meals, and to limit travel expense deductions, particularly those involved with some form of luxury transportation, such as cruises, even though, the purpose of the cruise is to provide a setting for seminars for the passengers on the ship. In connection with this, it appears that the Administration wants to eliminate all deductions for travel as a form of education.

BUSINESS LIFE INSURANCE AND ANNUITIES

Another significant proposal is that the cash build-up in life insurance policies and tax deferred annuities would be taxable on an annual basis to the policy holder. At present, such increases in the value of these policies are not taxable and provide an excellent method of accumulating funds tax free. If these proposals are passed the use of permanent life insurance in connection with a key man program or as an executive fringe benefit, or to fund stock redemption agreements, or deferred compensation programs are sure to be more costly and much less attractive.

We have outlined above what we see as the major proposals of the President's tax reform program. If these proposals are enacted into law, they will have a wide-ranging and far reaching impact on almost every business. While it is impossible to predict just what the Congress will do with regard to the President's proposals, the present feeling is that in one form or another most of the President's proposals will find their way into the tax law. You should be prepared to take a hard look at every single aspect of your business should these proposals become law.

Economic conditions of recent years have forced business managers to seize tighter control of their costing and pricing strategies. Even though industrial trends showed large printers relatively unaffected by recessionary pressures, the majority of medium to small printing firms were not as fortunate. These firms were ravaged by both inflationary and recessionary elements. We are now told that the economy is, once again, mending nicely. If that is so, the time is right for printing managers to take advantage of the situation by employing updated costing and pricing strategies.

REPLACEMENT COSTS

The average printer is spending approximately 37% of sales on material. Needless to say, printers cannot use yesterday's costs to determine today's pricing. Yet, while this simple statement may sound obvious, the fact remains that the majority of printers do calculate prices based on outdated costs.

With costs continuously changing, printers must be ready to update their costing and pricing systems. Furthermore, to price jobs profitably they must be able to anticipate what cost increases will be. Herein lies the problem. Determining exact figures for these costing components proves difficult. The NIFO (Next-In, First-Out) method for material costing insures that a printing firm's costs for a job will be reported so as to allow for adequate funds to replace the goods used to produce the work.

Using the NIFO method, if you were to cost a job which required paper purchased at 43 cents per pound; film at $1 per sheet; and plates at $5, you would look ahead to what the replacement cost of these materials will be before you cost and price the work. If today's prices indicate that paper has jumped to 48 cents; film to $1.50; and plates to $5.50, then these are the figures you would use to calculate both your costs and your final price.

Pricing and Costing Utilizing Replacement Values

	Original Purchase Price	Current Price To Replace
Paper	$0.43/lb.	$0.48/lb.
Film	$1.00	$1.50
Plates	$5.00	$5.50

According to NIFO, you cost and price at:

Paper	Film	Plates
$0.48	$1.50	$5.50

Remember, the purpose of your cost and accounting system is to give you a clear picture of the ongoing financial operations of your business. The more accurate this picture is, the more intelligently you can price your printed product. Any system that does not provide for the replacement of materials and supplies will dig directly into your profits on the job.

UPDATED HOURLY COST RATES

Another factor with tremendous impact on costing and pricing is hourly cost rates. These production cost calculations must be scrutinized at increasingly close intervals as your costs of doing business climb.

Since the foundation of budgeted hourly rates is an analysis of current operating expenses and anticipation of increased expenses, profitable and competitive rates need to be continuously reviewed in order to achieve an acceptable income and return on investment.

INCREASED PRODUCTIVITY

Although the pace of increasing costs has slowed, the printer must still find a way to maintain a competitive edge. Printers should take a close look at how improving productivity will lower the cost per unit and thus allow them to keep their pricing at competitive levels. Innovations are available in both management and technology that can give a big boost to productivity. Printers who do not keep pace with these innovations may well find higher costs driving them out of competition.

If your cost per hour of production is, say, $40 and you produce 5,000 units per hour, then your costs are $8 for each 1,000 units. With advances in technology, it may be possible to lower the cost per unit and gain a competitive edge in the market. A $1 per thousand decrease in costs may make the difference on a large sale. Units produced can be improved. It is a rare (or not truthful) printer who can honestly say he cannot increase units produced per hour. A boost of 714 units produced each hour would lower the cost per unit to $7 per thousand. Even though this entire increase in productivity may be unachievable, it is remarkable how much productivity can be increased if you set your goal and keep to it.

Increased Productivity Keeps Cost Per Unit Down

	Cost Per Hour ($'s)	Units Produced (Per Hour)	Cost Per Unit ($'s/M)
Base	40.00	5,000	8.00
714 Unit Per Hour Increase	40.00	5,714	7.00

To implement this increase in units produced per hour may involve the purchase of new technology, a production improvement program or merely an investment in higher quality materials. But often the increase can be instituted without any added capital at all.

Printers today must be ready to investigate all and any avenues that might lead to increased productivity. By doing so, they will be better prepared to maintain their customer base and possibly gain a larger share of the market. Tight controls must be maintained in all aspects of the business to help keep costs in line. Accounting systems must insure that all costs are reported and that costs and prices are geared to the continuation of healthy operations. Then, printing firms should be able to effectively compete and achieve higher levels of profitability.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

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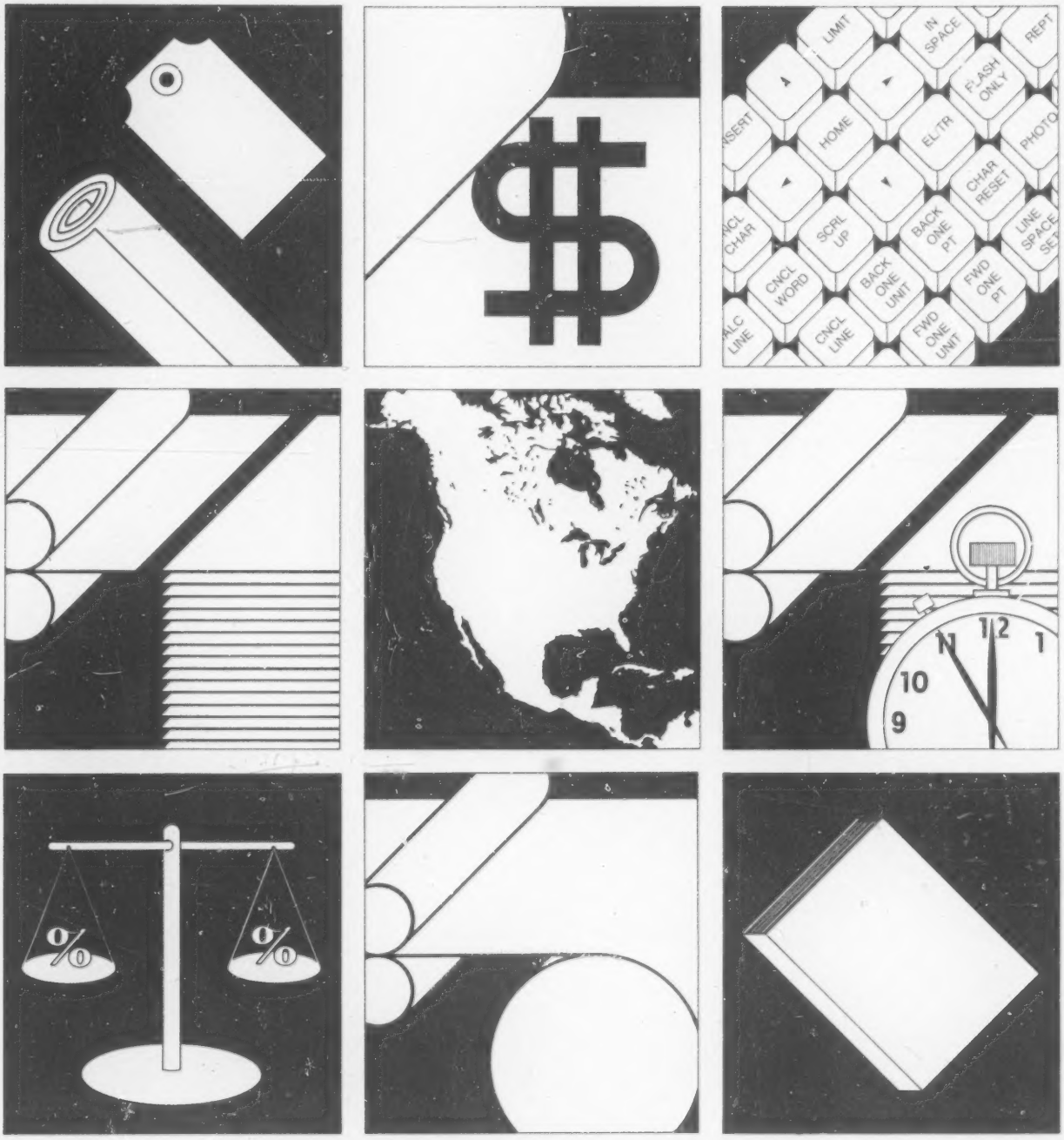
Printing Industries of America, Inc.

1984 Financial Ratios



Volume II
All Printers by Sales Volume

ABOUT PIA . . .

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 11,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Management Services Department is active in financial management offering numerous publications, conferences, and seminars:

- Best & Worst Markets for Printers in the 1980s - a unique marketing and financial planning aid, available by subscription
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981-82 Production Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation
- 1984 Executive Compensation Report
- Costing, Estimating, and Pricing Systems Conferences
- Managing your Printing Business Conferences

For information on any of the above contact the Management Services Department:

Printing Industries of America, Inc.
Management Services Department
1730 North Lynn Street
Arlington, Virginia 22209
(703) 841-8194

In addition, PIA Financial Services offers the following publications and seminars:

- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly newsletter
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management Seminars
- Seminars on financial applications for microcomputers

For further information, contact:

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61ST annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1984 FINANCIAL RATIOS

ALL PRINTERS BY SALES VOLUME

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Dear Colleague:

1984 is the 61st year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the U.S. and Canadian graphic arts industries. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the U.S. and Canadian printing industry, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to William A. Rose, II, Director of Financial Services, Printing Industries of America, Inc., 1730 North Lynn Street, Arlington, VA 22209 (703) 841-8145.

Jim Olsen
Vice-President, Management Services
Printing Industries of America, Inc.

Dear Member of the Graphic Arts Community:

We are pleased to be a part of PIA's 1984 Financial Ratio Study. This year, a total of 901 firms representing the printing industry in the United States and Canada participated in these studies by responding to PIA's questionnaire on financial performance. Among these respondents, 184 firms may be considered "Profit Leaders," earning eight percent or greater pretax profits on sales. Such widespread participation has made the annual PIA Ratio Studies the most comprehensive financial reports available on the health of the graphic arts industry.

This book presents the financial status of printing firms according to sales volume. Ratios and statistics from responding firms are presented in six categories: sales to $250,000, sales from $250,000 to $500,000, sales from $500,000 to $1,500,000, sales from $1,500,000, sales from $5,000,000 to $10,000,000, and sales over $10,000,00. Readers can compare the data from their own firm's financial statements with similar data from other firms having the same sales volume in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

VALUE ADDED DEFINED

Value added is simply your sales less material costs, which include paper, other chargeable materials and outside services. Value added is, therefore, that component of a sale attributable to your own manufacture. It is calculated as follows:

Sales		$100.00
Less Materials:		
Paper	$ 23.03	
Other chargeable materials	5.38	
Outside services	8.03	36.44
Value Added		$ 63.56

Other chargeable materials include ink, film, plates, etc., but not general supplies, such as repair or maintenance parts. Outside services are purchases of job-related services -- composition, offset preparation, printing, bindery, etc.

KNOWN BY OTHER TERMS

Value added is also known by such other terms as inside sales, conversion value, inside manufacturing value and real contribution to overhead and profit. Whatever the term, the concept of value added is of prime importance to the profitability of your operations.

CONCEPTUAL UNDERSTANDING OF VALUE ADDED

Once you observe that value added is the residual of sales less material costs, you realize that this value provided by your own manufacture is all you have available to pay your remaining expenses. These are:

- Factory labor
- Other factory expenses
- Administrative expenses
- Selling expenses
- Interest

Then, what is left is a profit. This is different from the basic "cost sheet concept" that we are accustomed to in the printing industry.

Since, generally, within a relevant range of operations, these expenses behave as fixed costs, the "overhead" represented by these expenses will remain practically constant. Therefore, you want to maximize your value added.

Let us illustrate this with the following example, in which we are increasing the value added derived from $1,000,000 of sales from $635,600 to $675,000 to see the effect on operating income. We will assume that "overhead" (factory labor; other factory, administrative, selling and interest expenses) will remain the same.

The assumption that these expenses will not increase is being taken with some license; actually they would increase, but very little. We are taking this liberty to prove the point that, within this relevant range, these expenses behave in a fixed manner. This helps to understand the effect of value added on profit.

	Original	After Increase in Value Added
SALES	$1,000,000	
Material Costs	364,400	
VALUE ADDED	635,600	$675,000
"Overhead"	591,000	591,000
Operating Income	$ 44,600	$ 84,000

STATEMENT OF OPERATIONS -- VALUE ADDED: THE BETTER STATEMENT

By eliminating the distortion that material costs introduce into the conventional operating statement, value added gives you a truer picture of your operations.

For example, if we were comparing the statement of operations of a short-run, sheet-fed company with that of a web-offset firm, and our comparison was related to percentages based on sales, we could have significant differences in ratios. The reason: the significant differences in material costs. It would appear that the web-offset operation had a lower factory labor cost because a substantial amount of the sale was materials. But, in truth, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

Almost every company's product mix is different and, by using statements of operations based on value added, this product mix difference is eliminated. In conclusion, the Statement of Operations -- Value Added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	42.60	38.32	42.25	42.15	40.16	34.52
FACTORY EXPENSES	20.36	18.42	26.39	15.19	22.51	25.04
TOTAL FACTORY COST OF PRODUCT	62.96	56.74	68.64	57.34	62.67	59.56
GROSS PROFIT	37.04	43.26	31.36	42.66	37.33	40.44
ADMINISTRATIVE AND SELLING EXPENSES						
Administrative expenses	15.91	13.74	19.31	15.06	22.59	21.86
Selling expenses	12.98	10.68	8.82	6.03	9.86	6.89
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	28.89	24.42	28.13	21.09	32.45	28.75
INCOME BEFORE INTEREST EXPENSE	8.15	18.84	3.23	21.57	4.88	11.69
Interest expense	3.20	2.08	3.43	1.76	3.41	1.70
OPERATING INCOME (LOSS)	4.95	16.76	(0.20)	19.81	1.47	9.99
Other income	1.13	2.01	0.23	1.58	0.82	5.06
INCOME BEFORE INCOME TAXES	6.08	18.77	0.03	21.39	2.29	15.05

* See Page 10 for the definition of "Profit Leaders."

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
40.59	36.12	42.55	36.52	43.60	38.73	45.80	42.25
20.20	18.04	19.46	17.63	20.59	17.87	20.22	19.12
60.79	54.16	62.01	54.15	64.19	56.60	66.02	61.37
39.21	45.84	37.99	45.85	35.81	43.40	33.98	38.63
19.27	17.33	15.89	14.31	12.90	12.52	10.33	9.27
13.15	10.39	14.05	11.26	14.00	12.48	11.68	10.11
32.42	27.72	29.94	25.57	26.90	25.00	22.01	19.38
6.79	18.12	8.05	20.28	8.91	18.40	11.97	19.25
3.10	2.66	3.22	2.09	3.64	1.62	2.72	1.94
3.69	15.46	4.83	18.19	5.27	16.78	9.25	17.31
0.96	1.51	1.27	2.47	1.60	2.03	0.96	1.45
4.65	16.97	6.10	20.66	6.87	18.81	10.21	18.76

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL						
Salaries - executive	3.20%	2.86%	6.84%	6.81%	3.82%	1.01%
Direct wages	29.38	26.26	28.77	33.53	30.25	29.26
General factory salaries and wages	2.70	2.58	1.61	0.00	0.76	0.54
Packing, shipping and delivery wages	1.29	1.12	0.29	0.00	0.73	0.06
Payroll taxes	2.68	2.25	2.98	0.55	2.63	2.40
Employee benefits	3.35	3.25	1.76	1.26	1.97	1.25
TOTAL FACTORY PAYROLL	42.60	38.32	42.25	42.15	40.16	34.52
FACTORY EXPENSES						
Fixed Expenses						
Depreciation - real estate	0.45	0.51	0.16	0.22	0.21	0.13
Depreciation - other	5.17	4.93	7.37	6.10	5.61	6.26
Taxes - real estate	0.34	0.31	0.15	0.05	0.30	0.06
Taxes - other	0.30	0.21	0.26	0.00	0.20	0.05
Insurance	0.80	0.68	1.39	0.88	1.47	0.99
Building rent	2.39	1.73	5.98	2.56	4.60	4.84
Utilities - heat, light, etc.	1.94	1.78	1.94	1.25	1.92	1.62
Equipment rental	0.88	0.69	1.94	0.67	1.36	3.08
Total Fixed Expenses	12.27	10.84	19.19	11.73	15.67	17.03
Other Expenses						
Factory supplies and expense	3.06	2.97	1.31	0.00	2.21	3.44
Packing, shipping and delivery expense	1.67	1.67	1.93	0.28	1.40	1.56
Repairs and maintenance	2.21	2.06	2.33	1.54	2.35	2.94
Other factory expenses	1.15	0.88	1.63	1.64	0.88	0.07
Total Other Expenses	8.09	7.58	7.20	3.46	6.84	8.01
TOTAL FACTORY EXPENSES	20.36	18.42	26.39	15.19	22.51	25.04
ADMINISTRATIVE EXPENSES						
Salaries - executive	4.78	4.35	5.65	6.08	8.36	6.14
Salaries - office	3.84	3.21	4.80	2.92	5.20	6.84
Payroll taxes	0.57	0.45	0.69	0.06	1.03	0.63
Employee benefits	0.86	0.91	0.60	0.20	0.77	0.37
Bad debts	0.76	0.54	1.04	0.34	0.78	1.00
Office supplies and expenses	0.79	0.68	1.77	2.46	1.21	0.98
Professional fees	0.94	0.85	0.86	0.42	1.32	1.88
Taxes - business	0.28	0.22	0.23	0.57	0.55	0.23
Telephone	0.82	0.67	1.63	0.97	1.26	1.34
Other administrative expenses	2.27	1.86	2.04	1.04	2.11	2.45
TOTAL ADMINISTRATIVE EXPENSES	15.91	13.74	19.31	15.06	22.59	21.86
SELLING EXPENSES						
Salaries - executive	2.10	1.85	3.18	0.59	2.33	0.99
Salaries and commissions - salesmen	5.80	4.51	1.71	2.98	2.59	1.75
Salaries - sales office clerical	0.97	0.89	0.51	0.73	0.56	0.00
Payroll taxes	0.47	0.32	0.33	0.00	0.34	0.05
Employee benefits	0.52	0.47	0.15	0.02	0.28	0.09
Advertising	0.67	0.59	1.18	0.80	1.28	1.50
Travel and entertainment	1.34	1.05	1.38	0.84	1.45	1.46
Other selling expenses	1.11	1.00	0.38	0.07	1.03	1.05
TOTAL SELLING EXPENSES	12.98	10.68	8.82	6.03	9.86	6.89

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.29%	3.65%	3.02%	2.68%	2.82%	2.27%	2.84%	2.74%
29.99	26.28	29.33	25.37	28.86	25.66	28.87	26.49
1.22	1.49	2.90	1.93	3.56	3.23	4.63	4.37
0.98	0.79	1.50	1.17	1.49	1.51	1.52	1.36
2.65	1.98	2.66	2.23	2.66	2.34	2.76	2.56
2.46	1.93	3.14	3.14	4.21	3.72	5.18	4.73
40.59	36.12	42.55	36.52	43.60	38.73	45.80	42.25
0.44	0.61	0.47	0.56	0.50	0.44	0.52	0.52
5.21	5.01	4.88	4.89	5.36	4.78	4.91	4.63
0.25	0.27	0.36	0.24	0.42	0.37	0.41	0.45
0.35	0.21	0.27	0.24	0.35	0.24	0.32	0.22
1.09	0.85	0.77	0.87	0.51	0.52	0.34	0.36
3.29	2.84	2.19	1.58	1.30	1.11	0.90	0.75
1.65	1.45	1.77	1.41	2.07	1.85	2.58	2.50
0.96	1.01	0.85	0.52	0.76	0.27	0.56	0.46
13.24	12.25	11.56	10.31	11.27	9.58	10.54	9.89
2.35	1.70	3.16	2.77	3.52	3.54	4.14	4.09
1.77	1.63	1.63	1.71	1.65	1.85	1.69	1.67
1.88	1.68	2.08	1.84	2.51	2.18	2.57	2.43
0.96	0.78	1.03	1.00	1.64	0.72	1.28	1.04
6.96	5.79	7.90	7.32	9.32	8.29	9.68	9.23
20.20	18.04	19.46	17.63	20.59	17.87	20.22	19.12
6.38	6.02	4.61	4.74	3.58	4.09	2.15	2.22
4.84	4.02	3.75	3.13	3.03	2.94	2.59	2.14
0.73	0.62	0.57	0.56	0.39	0.37	0.28	0.24
0.91	1.05	0.97	1.15	0.80	0.81	0.72	0.73
0.86	0.76	0.72	0.33	0.70	0.59	0.74	0.48
0.85	0.83	0.83	0.63	0.52	0.51	0.49	0.50
1.08	1.08	0.94	0.82	0.94	0.75	0.62	0.59
0.33	0.21	0.29	0.24	0.18	0.20	0.15	0.20
0.98	0.87	0.76	0.68	0.66	0.57	0.50	0.42
2.31	1.87	2.45	2.03	2.10	1.69	2.09	1.75
19.27	17.33	15.89	14.31	12.90	12.52	10.33	9.27
2.62	2.76	2.04	1.55	2.05	2.35	1.25	1.26
5.57	3.83	6.80	4.97	6.77	5.80	5.27	4.37
0.71	0.41	0.99	0.93	1.18	1.12	1.39	1.28
0.52	0.29	0.52	0.42	0.48	0.35	0.35	0.28
0.47	0.31	0.55	0.51	0.65	0.71	0.59	0.52
0.83	0.74	0.63	0.81	0.49	0.34	0.35	0.21
1.36	1.24	1.44	1.20	1.34	0.88	1.05	0.78
1.07	0.81	1.08	0.87	1.04	0.93	1.43	1.41
13.15	10.39	14.05	11.26	14.00	12.48	11.68	10.11

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT						
MATERIALS						
Paper	23.17	23.26	22.47	27.04	18.68	15.47
Other chargeable materials	5.46	5.54	4.93	3.74	5.00	4.27
Outside services	8.29	6.79	6.24	2.48	9.01	10.08
TOTAL MATERIALS	36.92	35.59	33.64	33.26	32.69	29.82
FACTORY PAYROLL	26.88	24.81	27.73	28.15	27.04	24.38
FACTORY EXPENSES	12.78	11.81	17.36	10.28	15.14	17.41
TOTAL FACTORY COST OF PRODUCT	76.58	72.21	78.73	71.69	74.87	71.61
GROSS PROFIT	23.42	27.79	21.27	28.31	25.13	28.39
ADMINISTRATIVE AND SELLING EXPENSES						
Administrative expenses	10.11	8.92	12.95	10.08	15.20	15.56
Selling expenses	8.20	6.92	5.95	3.88	6.54	4.84
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	18.31	15.84	18.90	13.96	21.74	20.40
INCOME BEFORE INTEREST EXPENSE	5.11	11.95	2.37	14.35	3.39	7.99
Interest expense	1.99	1.35	2.30	1.21	2.26	1.20
OPERATING INCOME	3.12	10.60	0.07	13.14	1.13	6.79
Other income	0.70	1.30	0.13	0.99	0.58	3.68
INCOME BEFORE INCOME TAXES	3.82	11.90	0.20	14.13	1.71	10.47

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS						
Ink	1.79%	2.05%	0.73%		0.84%	0.28%
Film	1.13	1.00	1.87		0.95	0.97
Plates	1.16	1.09	1.20		1.24	0.96
Other chargeable materials	1.38	1.40	1.13		1.97	2.06
TOTAL OTHER CHARGEABLE MATERIALS	5.46	5.54	4.93	***	5.00	4.27
OUTSIDE SERVICES						
Composition	0.85	0.85	1.01		1.06	1.77
Offset preparation	1.51	1.24	0.42		0.91	3.12
Printing	2.08	1.81	3.27		4.22	2.99
Binding	2.00	1.25	0.77		1.56	0.26
Other outside services	1.85	1.64	0.77		1.26	1.94
TOTAL OUTSIDE SERVICES	8.29	6.79	6.24	***	9.01	10.08

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
*** Information not submitted.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
19.75	20.05	23.06	24.32	26.65	26.09	27.16	23.99
4.87	4.23	4.98	4.37	5.87	6.66	7.30	7.55
8.99	8.65	8.92	6.67	8.28	5.90	5.97	5.70
33.61	32.93	36.96	35.36	40.80	38.65	40.43	37.24
26.96	24.27	26.94	23.81	25.82	24.04	27.35	26.70
13.41	12.11	12.22	11.29	12.04	10.88	11.89	11.93
73.98	69.31	76.12	70.46	78.66	73.57	79.67	75.87
26.02	30.69	23.88	29.54	21.34	26.43	20.33	24.13
12.77	11.53	9.96	9.30	7.61	7.62	6.19	5.87
8.71	7.02	8.89	7.37	8.34	7.74	7.03	6.39
21.48	18.55	18.85	16.67	15.95	15.36	13.22	12.26
4.54	12.14	5.03	12.87	5.39	11.07	7.11	11.87
2.05	1.85	2.01	1.35	2.08	0.98	1.56	1.17
2.49	10.29	3.02	11.52	3.31	10.09	5.55	10.70
0.61	0.99	0.79	1.56	0.92	1.32	0.55	0.89
3.10	11.28	3.81	13.08	4.23	11.41	6.10	11.59
1.13%	0.94%	1.42%	1.29%	1.95%	2.23%	3.79%	3.95%
1.24	0.94	1.12	0.92	1.25	1.48	0.96	0.91
1.20	1.16	1.18	1.02	1.20	1.37	1.05	1.00
1.30	1.19	1.26	1.14	1.47	1.58	1.50	1.69
4.87	4.23	4.98	4.37	5.87	6.66	7.30	7.55
1.08	1.63	0.97	0.82	0.64	0.45	0.34	0.20
1.48	1.40	1.79	1.20	1.76	1.28	1.20	0.93
2.67	2.54	1.88	1.76	1.25	1.34	1.14	1.37
1.60	1.26	2.13	1.30	2.89	1.98	1.88	1.19
2.16	1.82	2.15	1.59	1.74	0.85	1.41	2.01
8.99	8.65	8.92	6.67	8.28	5.90	5.97	5.70

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL						
Salaries - executive	2.03%	1.88%	4.50%	4.40%	2.56%	0.73%
Direct wages	18.58	18.97	18.82	22.50	20.42	20.67
General factory salaries and wages	1.67	1.68	1.04	0.00	0.46	0.38
Packing, shipping and delivery wages	0.80	0.73	0.18	0.00	0.49	0.04
Payroll taxes	1.70	1.46	1.96	0.38	1.79	1.69
Employee benefits	2.10	2.09	1.23	0.87	1.32	0.87
TOTAL FACTORY PAYROLL	26.88	24.81	27.73	28.15	27.04	24.38
FACTORY EXPENSES						
Fixed Expenses						
Depreciation - real estate	0.27	0.33	0.11	0.15	0.14	0.09
Depreciation - other	3.25	3.14	4.86	4.02	3.78	4.41
Taxes - real estate	0.21	0.20	0.10	0.04	0.21	0.04
Taxes - other	0.19	0.14	0.17	0.00	0.14	0.03
Insurance	0.51	0.44	0.94	0.61	1.00	0.66
Building rent	1.53	1.13	3.89	1.80	3.03	3.23
Utilities - heat, light, etc.	1.21	1.14	1.26	0.81	1.29	1.15
Equipment rental	0.56	0.46	1.30	0.47	0.92	2.16
Total Fixed Expenses	7.73	6.98	12.63	7.90	10.51	11.77
Other Expenses						
Factory supplies and expense	1.92	1.90	0.88	0.00	1.49	2.48
Packing, shipping and delivery expense	1.04	1.06	1.26	0.19	0.94	1.04
Repairs and maintenance	1.37	1.31	1.56	1.04	1.57	2.07
Other factory expenses	0.72	0.56	1.03	1.15	0.63	0.05
Total Other Expenses	5.05	4.83	4.73	2.38	4.63	5.64
TOTAL FACTORY EXPENSES	12.78	11.81	17.36	10.28	15.14	17.41
ADMINISTRATIVE EXPENSES						
Salaries - executive	3.05	2.83	3.84	4.15	5.68	4.41
Salaries - office	2.46	2.09	3.25	2.00	3.53	4.97
Payroll taxes	0.37	0.29	0.47	0.04	0.70	0.46
Employee benefits	0.54	0.58	0.40	0.14	0.51	0.28
Bad debts	0.47	0.35	0.68	0.23	0.51	0.74
Office supplies and expenses	0.50	0.44	1.16	1.51	0.80	0.68
Professional fees	0.59	0.55	0.57	0.30	0.87	1.28
Taxes - business	0.18	0.14	0.16	0.38	0.37	0.16
Telephone	0.52	0.44	1.07	0.62	0.83	0.92
Other administrative expenses	1.43	1.21	1.35	0.71	1.40	1.66
TOTAL ADMINISTRATIVE EXPENSES	10.11	8.92	12.95	10.08	15.20	15.56
SELLING EXPENSES						
Salaries - executive	1.33	1.20	2.21	0.42	1.52	0.72
Salaries and commissions - salesmen	3.64	2.89	1.13	1.77	1.72	1.26
Salaries - sales office clerical	0.62	0.58	0.33	0.52	0.40	0.00
Payroll taxes	0.30	0.21	0.23	0.00	0.23	0.04
Employee benefits	0.33	0.31	0.11	0.01	0.18	0.06
Advertising	0.44	0.39	0.77	0.55	0.87	1.07
Travel and entertainment	0.85	0.69	0.91	0.56	0.95	0.97
Other selling expenses	0.69	0.65	0.26	0.05	0.67	0.72
TOTAL SELLING EXPENSES	8.20	6.92	5.95	3.88	6.54	4.84

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.19%	2.45%	1.92%	1.79%	1.66%	1.42%	1.70%	1.76%
19.90	17.72	18.54	16.45	17.10	15.77	17.25	16.63
0.82	0.98	1.8[illegible]	1.30	2.10	2.06	2.74	2.81
0.65	0.52	0.95	0.78	0.88	0.98	0.89	0.86
1.76	1.32	1.69	1.45	1.58	1.47	1.66	1.64
1.64	1.28	1.99	2.04	2.50	2.34	3.11	3.00
26.96	24.27	26.94	23.81	25.82	24.04	27.35	26.70
0.29	0.42	0.29	0.34	0.28	0.27	0.31	0.33
3.46	3.35	3.07	3.15	3.14	2.89	2.85	2.83
0.17	0.20	0.23	0.16	0.24	0.22	0.23	0.28
0.24	0.15	0.17	0.15	0.22	0.16	0.19	0.14
0.72	0.57	0.48	0.55	0.30	0.30	0.20	0.23
2.17	1.89	1.38	1.03	0.76	0.69	0.53	0.47
1.09	0.96	1.11	0.90	1.22	1.15	1.52	1.56
0.63	0.70	0.54	0.33	0.43	0.18	0.34	0.31
8.77	8.24	7.27	6.61	6.59	5.86	6.17	6.15
1.59	1.13	1.98	1.79	2.07	2.16	2.47	2.55
1.17	1.10	1.02	1.08	0.96	1.12	0.97	1.05
1.24	1.13	1.30	1.17	1.45	1.32	1.51	1.53
0.64	0.51	0.65	0.64	0.97	0.42	0.77	0.65
4.64	3.87	4.95	4.68	5.45	5.02	5.72	5.78
13.41	12.11	12.22	11.29	12.04	10.88	11.89	11.93
4.22	4.01	2.90	3.05	2.10	2.52	1.29	1.38
3.22	2.65	2.37	2.06	1.80	1.77	1.57	1.36
0.49	0.42	0.36	0.37	0.23	0.22	0.17	0.15
0.60	0.67	0.61	0.76	0.47	0.50	0.43	0.47
0.57	0.51	0.44	0.21	0.41	0.36	0.42	0.30
0.56	0.56	0.52	0.41	0.30	0.31	0.29	0.31
0.71	0.71	0.58	0.52	0.55	0.45	0.37	0.39
0.22	0.13	0.18	0.15	0.11	0.13	0.09	0.13
0.65	0.60	0.47	0.43	0.39	0.35	0.30	0.27
1.53	1.27	1.53	1.34	1.25	1.01	1.26	1.11
12.77	11.53	9.96	9.30	7.61	7.62	6.19	5.87
1.72	1.82	1.29	0.99	1.23	1.48	0.75	0.82
3.71	2.61	4.30	3.27	4.01	3.55	3.11	2.67
0.48	0.27	0.63	0.61	0.71	0.71	0.86	0.83
0.34	0.20	0.33	0.27	0.29	0.22	0.21	0.18
0.31	0.21	0.35	0.33	0.39	0.46	0.37	0.34
0.55	0.50	0.41	0.54	0.30	0.21	0.22	0.14
0.90	0.86	0.90	0.79	0.79	0.54	0.63	0.49
0.70	0.55	0.68	0.57	0.62	0.57	0.88	0.92
8.71	7.02	8.89	7.37	8.34	7.74	7.03	6.39

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS						
CURRENT ASSETS						
Cash	6.62%	10.84%	6.52%	17.35%	7.30%	6.96%
Receivables	32.34	29.66	28.60	29.98	31.62	31.46
Inventories	13.21	11.34	12.44	7.75	9.71	6.44
Other current assets	4.11	6.50	2.13	0.99	4.35	5.75
TOTAL CURRENT ASSETS	56.28	58.34	49.69	56.07	52.98	50.61
FIXED ASSETS						
Real estate	9.97	10.94	3.86	5.20	7.94	11.34
Less: Accumulated depreciation	3.08	3.12	0.79	1.28	2.44	4.16
	6.89	7.82	3.07	3.92	5.50	7.18
Machinery and equipment	65.87	56.43	77.64	51.14	82.46	61.37
Less: Accumulated depreciation	36.59	29.88	43.71	24.49	48.04	25.28
	29.28	26.55	33.93	26.65	34.42	36.09
Other fixed assets	7.46	6.18	14.88	10.87	8.00	11.28
Less: Accumulated depreciation	3.95	3.04	5.75	1.40	4.62	7.51
	3.51	3.14	9.13	9.47	3.38	3.77
NET FIXED ASSETS	39.68	37.51	46.13	40.04	43.30	47.04
OTHER ASSETS	4.04	4.15	4.18	3.89	3.72	2.35
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Notes payable	8.84	4.32	9.34	1.39	10.38	13.74
Accounts payable	14.60	11.10	17.87	19.68	15.54	14.40
Other current liabilities	9.43	9.70	6.89	2.40	9.42	4.00
TOTAL CURRENT LIABILITIES	32.87	25.12	34.10	23.47	35.34	32.14
LONG-TERM LIABILITIES	27.81	19.63	42.92	15.83	35.90	27.25
TOTAL LIABILITIES	60.68	44.75	77.02	39.30	71.24	59.39
SHAREHOLDERS' AND PROPRIETORS' EQUITY	39.32	55.25	22.98	60.70	28.76	40.61
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.71	2.32	1.46	2.39	1.50	1.57
QUICK RATIO	1.31	1.87	1.09	2.06	1.22	1.37
TOTAL LIABILITIES TO EQUITY	1.54	0.81	3.35	0.65	2.48	1.46
LONG-TERM LIABILITIES TO EQUITY	0.71	0.36	1.87	0.26	1.25	0.67
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.56	0.53	0.56	0.48	0.58	0.41

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
7.70%	12.01%	7.46%	13.06%	6.02%	11.21%	3.53%	7.27%
34.27	33.39	32.95	28.35	31.47	28.17	30.19	28.44
11.67	8.76	13.08	11.36	14.53	14.80	16.15	12.31
4.07	4.90	4.22	8.92	4.26	5.63	4.07	6.57
57.71	59.06	57.71	61.69	56.28	59.81	53.94	54.59
7.87	9.23	9.18	9.75	12.30	13.26	14.53	12.52
2.52	2.78	3.00	2.94	3.58	3.64	4.26	3.22
5.35	6.45	6.18	6.81	8.72	9.62	10.27	9.30
71.21	60.61	64.12	56.29	59.68	52.74	58.15	55.03
42.05	32.62	35.98	33.03	31.06	29.05	28.86	25.88
29.16	27.99	28.14	23.26	28.62	23.69	29.29	29.15
9.02	6.55	8.30	7.29	5.31	6.53	3.82	3.15
4.73	3.17	4.60	3.57	2.71	3.58	1.94	1.37
4.29	3.38	3.70	3.72	2.60	2.95	1.88	1.78
38.80	37.82	38.02	33.79	39.94	36.26	41.44	40.23
3.49	3.12	4.27	4.52	3.78	3.93	4.62	5.18
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
8.98	5.28	9.15	4.35	8.98	2.68	6.98	3.21
15.71	11.47	14.34	11.31	14.02	10.77	13.17	9.51
8.02	7.86	10.19	11.18	9.58	10.89	9.98	10.51
32.71	24.61	33.68	26.84	32.58	24.34	30.13	23.23
27.76	22.42	26.86	15.66	26.83	19.12	24.29	20.74
60.47	47.03	60.54	42.50	59.41	43.46	54.42	43.97
39.53	52.97	39.46	57.50	40.59	56.54	45.58	56.03
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.76	2.40	1.71	2.30	1.73	2.46	1.79	2.35
1.41	2.04	1.33	1.88	1.28	1.85	1.25	1.82
1.53	0.89	1.53	0.74	1.46	0.77	1.19	0.78
0.70	0.42	0.68	0.27	0.66	0.34	0.53	0.37
0.59	0.54	0.56	0.59	0.52	0.55	0.50	0.47

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT						
Average assets per employee - All employees	$ 35,122	$ 41,964	$ 25,921	$ 26,755	$ 19,266	$ 20,997
Average assets per factory employee (Excluding Executives)	50,418	57,898	44,486	44,508	31,570	30,634
Average net worth per employee - All employees	14,221	23,054	9,656	16,794	5,043	7,549
Average gross plant investment per factory employee (Excluding Executives)	40,211	41,468	40,255	30,537	30,363	24,730
Net worth percentage of fixed assets	138.90%	239.29%	70.43%	240.61%	155.48%	646.08%
EMPLOYEES						
Percent factory - All employees	74.57%	77.56%	72.16%	77.96%	68.73%	70.59%
Percent administrative - All employees	14.10	12.72	19.53	14.42	23.02	25.97
Percent sales - All employees	11.33	9.72	8.31	7.62	8.25	3.44
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES						
Sales per employee - All employees	$ 66,892	$ 74,152	$ 41,420	$ 43,403	$ 45,749	$ 48,949
Sales per factory employee	91,098	96,788	60,031	55,417	68,989	69,646
Sales less material per factory employee	55,902	60,302	40,151	37,146	45,973	48,365
Sales per administrative employee	631,781	803,562	231,283	497,058	208,279	180,579
EXCLUDING EXECUTIVES						
Sales per employee - All employees	75,174	82,727	60,323	55,199	58,119	54,986
Sales per factory employee	96,976	102,850	77,570	65,064	75,168	70,842
Sales less material per factory employee	59,562	64,107	51,876	43,366	50,126	49,229
SALES PER SALESMAN	715,756	1,123,038	147,764	144,000	124,379	0
SALES TO CURRENT ASSETS	416%	377%	555%	388%	682%	889%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES						
Total payroll percentage of sales	39.52%	35.80%	39.70%	37.21%	41.49%	36.57%
Factory payroll percentage of gross plant investment	80.69	78.33	80.18	95.13	90.75	138.92
Payroll per employee - All employees	$ 25,294	$ 25,172	$ 15,649	$ 15,896	$ 18,329	$ 16,416
Payroll per factory employee	23,122	22,634	15,391	15,539	17,432	16,372
Payroll per administrative employee	29,943	33,917	13,008	18,945	18,588	14,218
Payroll per sales employee	35,930	38,729	10,259	7,537	14,647	9,274
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES						
Payroll per employee - All employees	$ 19,758	$ 19,385	$ 12,478	$ 14,596	$ 14,378	$ 13,890
Payroll per factory employee	19,116	18,683	12,775	14,617	14,897	14,550
Payroll per administrative employee	15,614	15,854	7,923	6,865	10,093	9,247
Payroll per sales employee	27,782	28,229	4,899	6,763	7,422	4,089
EXECUTIVE PAYROLL						
Payroll per executive - All executives	44,652	51,018	17,399	18,920	23,423	20,615
Payroll per factory executive	28,800	31,687	9,683	6,281	12,817	8,538
Payroll per administrative executive	51,721	62,123	13,276	18,706	22,129	19,091
Payroll per sales executive	38,856	47,323	7,810	5,067	9,358	4,632
RECEIVABLES						
Collection period	59.1	58.5	52.2	62.0	47.1	50.3
PROFIT						
Gross profit percentage of sales	23.42%	27.79%	21.27%	28.31%	25.13%	28.39%
Average gross profit per factory employee	$ 22,865	$ 28,209	$ 17,447	$ 18,472	$ 19,725	$ 20,366
Income before taxes percentage of sales	3.82%	11.90%	0.20%	14.13%	1.71%	10.47%
Average income before taxes per employee	$ 2,906	$ 8,858	$ 343	$ 6,617	$ 1,034	$ 5,266

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 26,154	$ 31,099	$ 33,750	$ 39,547	$ 45,021	$ 44,593	$ 50,495	$ 57,262
42,482	52,090	48,772	54,196	61,406	59,854	64,738	71,435
10,963	17,049	13,556	23,708	17,761	24,224	22,068	30,073
35,178	35,543	39,372	40,209	46,428	42,764	47,863	50,974
152.10%	271.48%	142.76%	244.09%	123.17%	176.50%	131.62%	180.16%
69.24%	71.43%	74.17%	76.87%	78.16%	78.13%	82.63%	84.51%
18.12	17.21	13.36	12.65	10.51	11.34	8.36	7.36
12.64	11.36	12.47	10.48	11.33	10.53	9.01	8.13
$ 54,545	$ 59,137	$ 66,570	$ 72,388	$ 78,840	$ 79,337	$ 88,174	$ 92,712
82,107	88,340	91,620	94,494	102,200	102,401	108,188	110,977
53,622	57,364	56,271	59,804	59,806	61,861	62,204	66,363
342,474	398,904	554,355	664,405	828,082	762,309	1,292,620	1,474,304
64,562	74,574	73,775	79,832	85,538	85,374	94,042	98,299
88,714	99,446	96,582	99,142	107,227	106,394	113,582	116,012
57,826	64,271	59,370	62,880	62,770	64,292	65,284	69,434
249,331	310,849	443,502	409,043	875,301	838,018	1,738,170	2,298,765
431%	395%	385%	346%	351%	321%	374%	346%
42.05%	37.12%	40.07%	35.51%	37.07%	35.46%	36.12%	34.90%
99.07	79.87	77.30	80.41	67.98	64.59	70.13	72.62
$ 22,290	$ 21,250	$ 25,723	$ 24,232	$ 28,852	$ 27,615	$ 30,242	$ 30,240
20,802	20,153	23,324	21,114	25,550	23,782	27,727	27,330
25,980	26,731	31,332	35,235	34,961	35,553	36,151	42,414
26,602	22,688	36,161	36,144	48,112	50,787	51,737	55,015
$ 17,555	$ 17,155	$ 20,079	$ 17,991	$ 22,314	$ 20,808	$ 23,590	$ 23,203
17,635	17,759	19,341	17,061	20,841	19,393	22,217	21,788
14,371	13,344	15,993	15,679	17,493	15,934	18,768	20,118
19,478	14,636	28,222	25,000	38,593	38,928	42,049	42,235
35,582	35,555	46,540	48,481	54,642	62,553	58,723	67,341
21,213	22,806	30,505	30,057	35,742	35,928	40,081	44,481
35,907	38,183	52,549	54,827	66,509	76,030	78,965	92,535
22,280	23,890	36,781	36,802	55,791	63,236	70,190	79,145
56.6	60.1	60.3	55.6	63.7	58.6	62.8	61.1
26.02%	30.69%	23.88%	29.54%	21.34%	26.43%	20.33%	24.13%
$ 23,619	$ 29,903	$ 23,282	$ 29,573	$ 23,236	$ 28,097	$ 23,050	$ 27,485
3.10%	11.28%	3.81%	13.08%	4.23%	11.41%	6.10%	11.59%
$ 1,919	$ 6,664	$ 2,765	$ 9,764	$ 3,368	$ 8,956	$ 5,501	$ 10,590

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT						
Current Assets:						
Cash	$ 3.48	$ 6.17	$ 5.10	$15.76	$ 2.87	$ 3.16
Receivables	15.66	15.63	14.05	16.90	12.67	13.74
Inventories	6.59	6.15	7.71	4.57	4.28	2.78
Marketable securities	0.93	2.36	0.00	0.00	0.30	0.32
Other current assets	1.29	1.58	0.82	0.37	1.46	2.34
	27.95	31.89	27.68	37.60	21.58	22.34
Plant Investment:						
Land and building	6.18	6.84	2.92	6.02	5.03	3.99
Machinery and equipment	32.93	31.27	40.39	31.13	34.32	26.63
Other fixed assets	3.61	3.41	8.16	11.91	3.17	4.57
	42.72	41.52	51.47	49.06	42.52	35.19
Non-Current Assets	2.23	2.61	1.80	1.40	1.43	0.72
TOTAL INVESTMENT	72.90	76.02	80.95	88.06	65.53	58.25
INVESTMENT TURNOVER PER $100 OF SALES	137.17%	131.54%	123.53%	113.56%	152.60%	171.67%
EARNINGS						
Cost of Product	$76.58	$72.21	$78.73	$71.69	$74.87	$71.61
Selling Expenses	8.20	6.92	5.95	3.88	6.54	4.84
Administrative Expenses	10.11	8.92	12.95	10.08	15.20	15.56
	94.89	88.05	97.63	85.65	96.61	92.01
Income Before Interest, Other Income, and Taxes	5.11	11.95	2.37	14.35	3.39	7.99
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.01%	15.72%	2.93%	16.30%	5.17%	13.72%

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 3.99	$ 6.76	$ 3.61	$ 6.54	$ 3.61	$ 6.43	$ 2.33	$ 4.77
15.07	16.10	15.84	14.87	16.93	15.57	16.64	16.27
5.37	4.49	6.46	6.06	7.79	7.99	8.34	7.14
0.80	1.53	0.89	2.86	1.29	2.53	1.31	3.00
1.29	1.53	1.27	2.10	1.40	1.04	1.25	1.41
26.52	30.41	28.07	32.43	31.02	33.56	29.87	32.59
4.87	5.26	5.82	6.80	7.66	7.93	8.58	8.09
32.55	31.42	32.26	29.91	33.11	29.66	32.75	34.51
4.07	3.21	4.01	3.92	2.94	3.66	2.07	1.95
41.49	39.89	42.09	40.63	43.71	41.25	43.40	44.55
1.71	1.82	2.38	2.68	2.30	2.82	2.97	3.52
69.72	72.12	72.54	75.74	77.03	77.63	76.24	80.66
143.43%	138.66%	137.85%	132.03%	129.82%	128.82%	131.16%	123.98%
$73.98	$69.31	$76.12	$70.46	$78.66	$73.57	$79.67	$75.87
8.71	7.02	8.89	7.37	8.34	7.74	7.03	6.39
12.77	11.53	9.96	9.30	7.61	7.62	6.19	5.87
95.46	87.86	94.97	87.13	94.61	88.93	92.89	88.13
4.54	12.14	5.03	12.87	5.39	11.07	7.11	11.87
6.51%	16.83%	6.93%	16.99%	7.00%	14.26%	9.33%	14.72%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL PRINTING FIRMS	901	$ 3,607,000	$ 6,411,000	$ 364,000
TOTAL - PROFIT LEADERS*	184	5,754,000	9,658,000	1,118,000
BY SIZE OF FIRM:				
ALL FIRMS				
0-$250,000	27	85,000	167,000	3,000
$250,000-$500,000	69	164,000	378,000	7,000
$500,000-$1,500,000	200	467,000	958,000	30,000
$1,500,000-$5,000,000	324	1,514,000	2,923,000	109,000
$5,000,000-$10,000,000	135	3,960,000	6,931,000	304,000
Over $10,000,000	146	14,504,000	25,144,000	1,677,000
PROFIT LEADERS				
0-$250,000	4	129,000	204,000	30,000
$250,000-$500,000	8	149,000	343,000	37,000
$500,000-$1,500,000	42	500,000	925,000	103,000
$1,500,000-$5,000,000	50	1,664,000	3,020,000	386,000
$5,000,000-$10,000,000	33	4,086,000	7,187,000	815,000
Over $10,000,000	47	17,402,000	28,647,000	3,295,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on Page 3.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1984 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1985 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director
PIA Financial Services

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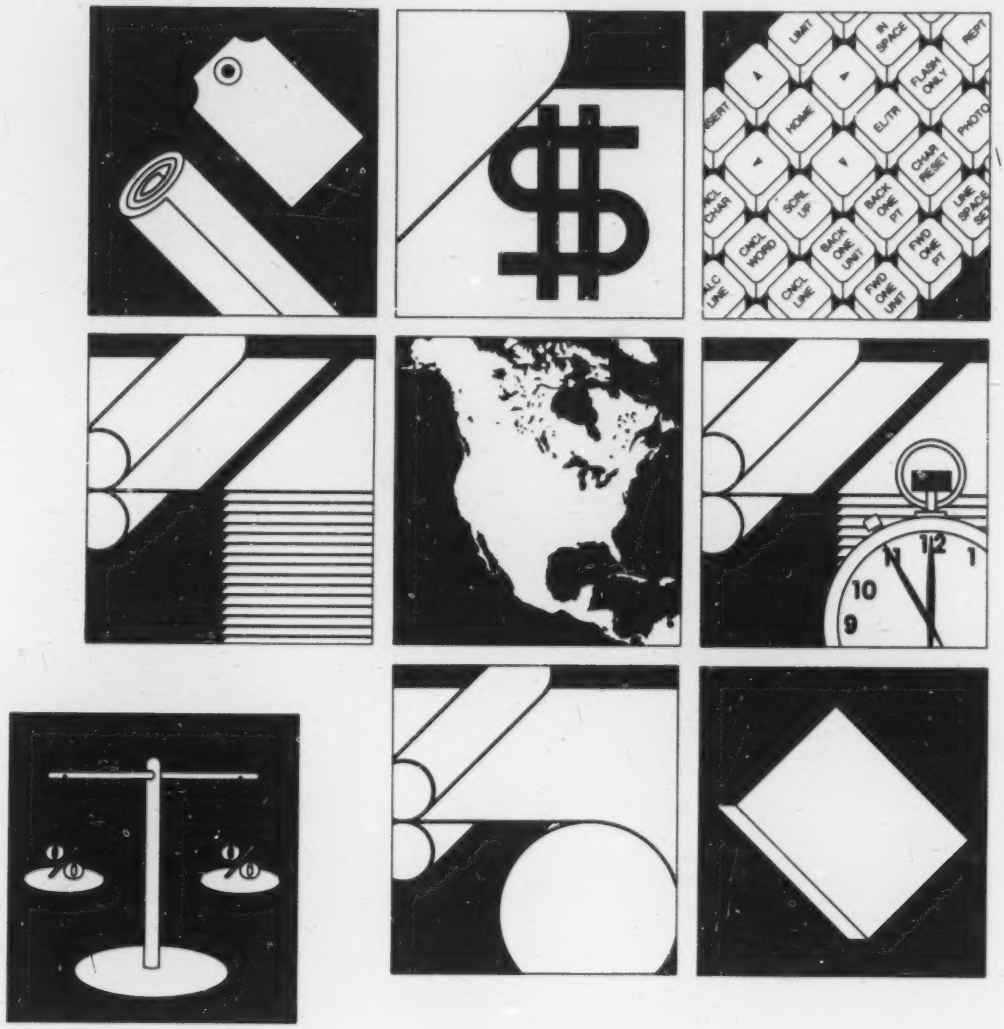
FINANCIAL SERVICES

1985 Financial Ratio Study



Volume II

All Printers By Sales Volume

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

For further information, contact:

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Director, PIA Financial Services
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Arlington, Virginia 22209
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PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

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Volume II: All Printers By Sales Volume

An Annual Financial Survey Conducted By:
PIA Financial Services
1730 North Lynn Street
Arlington, VA 22209

Accounting Firm:

H. R. Margolis
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New York and Philadelphia (Bala Cynwyd)

Data Processing:

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PRINTING INDUSTRIES OF AMERICA, INC.

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Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

We are pleased to be a part of PIA's 1985 Financial Ratio Study. This year, a total of 879 firms representing the printing industry in the United States and Canada participated in these studies by responding to PIA's questionnaire on financial performance. Among these respondents, 177 firms may be considered "Profit Leaders," earning eight percent or greater pretax profits on sales. Such widespread participation has made the annual PIA Ratio Studies the most comprehensive financial reports available on the health of the graphic arts industry.

This book presents the financial status of printing firms according to sales volume. Ratios and statistics from responding firms are presented in six categories: sales to $250,000, sales from $250,000 to $500,000, sales from $500,000 to $1,500,000, sales from $1,500,000, sales from $5,000,000 to $10,000,000, and sales over $10,000,00. Readers can compare the data from their own firm's financial statements with similar data from other firms having the same sales volume in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales Firm's Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%
B	500,000	100,000	20.0
C	8,000,000	975,000	12.2

62.2% divided by 3 = 20.7%

= PIA Factory Payroll Ratio

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less materials costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of presentation management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	42.20	37.87	42.59	35.33	41.07	36.23
FACTORY EXPENSES	20.10	18.43	21.69	20.50	23.04	21.78
TOTAL FACTORY COST OF PRODUCT	62.30	56.30	64.28	55.83	64.11	58.01
GROSS PROFIT	37.70	43.70	35.72	44.17	35.89	41.99
ADMINISTRATIVE AND SELLING EXPENSES						
Administrative expenses	15.76	13.69	20.08	14.05	22.53	15.96
Selling expenses	13.23	10.78	10.08	7.66	9.26	5.17
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	28.99	24.47	30.16	21.71	31.79	21.13
INCOME BEFORE INTEREST EXPENSE	8.71	19.23	5.56	22.46	4.10	20.86
Interest expense	3.19	2.25	2.21	2.37	3.01	2.71
OPERATING INCOME	5.52	16.98	3.35	20.09	1.09	18.15
Other income (expense)	1.12	1.82	0.16	(0.46)	0.76	1.19
INCOME BEFORE INCOME TAXES	6.64	18.80	3.51	19.63	1.85	19.34

* See page 10 for the definition of "Profit Leaders."

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
40.86	38.20	41.76	35.74	42.99	38.51	44.58	40.10
20.39	17.08	19.34	18.14	19.60	18.16	20.48	18.84
61.25	55.28	61.10	53.88	62.59	56.67	65.06	58.94
38.75	44.72	38.90	46.12	37.41	43.33	34.94	41.06
19.91	19.28	15.51	14.97	13.16	11.75	10.22	9.26
12.19	9.40	14.76	12.20	14.19	12.39	12.28	10.78
32.10	28.68	30.27	27.17	27.35	24.14	22.50	20.04
6.65	16.04	8.63	18.95	10.06	19.19	12.44	21.02
2.92	1.66	3.29	2.84	3.55	1.79	3.16	2.14
3.73	14.38	5.34	16.11	6.51	17.40	9.28	18.88
0.98	1.55	1.17	2.22	1.23	2.02	1.31	1.75
4.71	15.93	6.51	18.33	7.74	19.42	10.59	20.63

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL						
Salaries - executive	3.14%	2.74%	5.04%	8.65%	3.15%	3.79%
Direct wages	28.92	25.52	31.57	21.81	31.98	28.25
General factory salaries and wages	2.64	2.89	0.23	0.82	0.58	0.13
Packing, shipping and delivery wages	1.34	1.14	0.09	0.43	0.64	0.49
Payroll taxes	2.85	2.38	3.54	3.01	3.00	2.43
Employee benefits	3.31	3.20	2.12	0.61	1.72	1.14
TOTAL FACTORY PAYROLL	42.20	37.87	42.59	35.33	41.07	36.23
FACTORY EXPENSES						
Fixed Expenses						
Depreciation - real estate	0.39	0.41	0.06	0.00	0.42	0.81
Depreciation - other	5.21	5.21	4.42	4.97	6.43	5.59
Taxes - real estate	0.32	0.33	0.07	0.00	0.34	0.16
Taxes - other	0.30	0.24	0.41	0.05	0.19	0.11
Insurance	0.77	0.63	1.56	1.19	1.62	1.34
Building rent	2.27	1.81	4.93	5.11	3.92	3.17
Utilities - heat, light, etc.	1.92	1.72	1.59	0.85	2.08	1.72
Equipment rental	0.90	0.59	1.95	1.46	1.47	1.98
Total Fixed Expenses	12.08	10.94	14.99	13.63	16.47	14.88
Other Expenses						
Factory supplies and expense	3.07	2.96	1.91	2.59	2.44	3.14
Packing, shipping and delivery expense	1.67	1.47	1.85	1.68	1.32	0.79
Repairs and maintenance	2.19	2.20	1.99	2.26	2.04	2.52
Other factory expenses	1.09	0.86	0.95	0.34	0.77	0.45
Total Other Expenses	8.02	7.49	6.70	6.87	6.57	6.90
TOTAL FACTORY EXPENSES	20.10	18.43	21.69	20.50	23.04	21.78
ADMINISTRATIVE EXPENSES						
Salaries - executive	4.71	4.21	8.24	4.53	8.97	4.39
Salaries - office	3.89	3.23	4.21	5.07	4.91	3.58
Payroll taxes	0.61	0.46	1.05	0.23	1.14	0.35
Employee benefits	0.85	0.78	0.69	0.00	0.99	0.32
Bad debts	0.80	0.68	0.30	0.25	0.94	1.70
Office supplies and expenses	0.77	0.66	0.76	1.11	0.95	1.00
Professional fees	0.89	0.83	0.92	1.02	1.30	1.27
Taxes - business	0.27	0.31	0.30	0.19	0.42	0.49
Telephone	0.80	0.64	2.10	1.17	1.27	1.25
Other administrative expenses	2.17	1.89	1.51	0.48	1.64	1.61
TOTAL ADMINISTRATIVE EXPENSES	15.76	13.69	20.08	14.05	22.53	15.96
SELLING EXPENSES						
Salaries - executive	2.06	1.74	3.31	1.87	2.08	1.06
Salaries and commissions - salesmen	6.04	4.87	2.46	4.11	2.88	0.84
Salaries - sales office clerical	1.06	0.77	0.76	0.07	0.57	0.46
Payroll taxes	0.49	0.37	0.19	0.16	0.32	0.13
Employee benefits	0.51	0.46	0.15	0.04	0.17	0.12
Advertising	0.65	0.52	1.52	0.67	1.03	0.82
Travel and entertainment	1.30	1.09	1.39	0.66	1.47	1.20
Other selling expenses	1.12	0.96	0.30	0.08	0.74	0.54
TOTAL SELLING EXPENSES	13.23	10.78	10.08	7.66	9.26	5.17

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.58%	2.75%	3.07%	2.65%	2.80%	2.23%	2.84%	2.53%
29.71	27.75	28.44	23.09	28.58	26.48	27.80	25.64
1.19	1.54	2.78	3.67	3.35	2.44	1.62	4.01
1.03	1.24	1.63	1.10	1.42	1.17	1.48	1.29
2.79	2.30	2.76	2.27	2.88	2.45	2.97	2.47
2.56	2.62	3.08	2.96	3.96	3.74	4.87	4.16
40.86	38.20	41.76	35.74	42.99	38.51	44.58	40.10
0.35	0.13	0.36	0.43	0.37	0.42	0.58	0.48
5.41	5.50	5.10	5.29	4.82	5.00	5.05	4.97
0.26	0.36	0.32	0.33	0.32	0.34	0.45	0.37
0.29	0.20	0.28	0.23	0.39	0.38	0.29	0.23
1.10	0.88	0.71	0.60	0.48	0.49	0.35	0.37
3.64	3.29	2.07	1.78	1.43	1.13	0.83	0.76
1.64	1.28	1.73	1.39	2.07	2.09	2.50	2.21
0.99	0.45	0.84	0.70	0.95	0.15	0.53	0.42
13.68	12.09	11.41	10.75	10.83	10.00	10.58	9.81
2.36	1.44	2.94	2.75	3.45	3.33	4.31	3.93
1.58	1.20	1.82	1.59	1.70	1.82	1.54	1.49
1.90	1.89	2.15	2.16	2.28	2.00	2.65	2.47
0.87	0.46	1.02	0.89	1.34	1.01	1.40	1.14
6.71	4.99	7.93	7.39	8.77	8.16	9.90	9.03
20.39	17.08	19.34	18.14	19.60	18.16	20.48	18.84
6.37	6.57	4.39	4.66	3.50	3.86	2.26	2.32
5.20	4.87	3.83	3.47	3.22	2.31	2.50	2.26
0.86	0.67	0.57	0.57	0.45	0.35	0.30	0.29
1.03	1.34	0.83	0.74	0.75	0.76	0.70	0.64
0.80	0.60	0.84	0.67	0.78	0.69	0.70	0.51
0.99	1.01	0.79	0.68	0.59	0.45	0.52	0.43
0.99	0.91	0.91	0.98	0.79	0.70	0.66	0.59
0.31	0.36	0.30	0.41	0.22	0.28	0.18	0.14
1.04	0.77	0.73	0.65	0.65	0.52	0.50	0.45
2.32	2.18	2.32	2.14	2.21	1.83	1.90	1.63
19.91	19.28	15.51	14.97	13.16	11.75	10.22	9.26
2.45	2.03	2.20	1.89	1.83	2.07	1.35	1.34
4.95	3.68	7.17	6.18	7.20	6.34	5.59	4.44
0.83	0.47	1.14	0.57	1.10	0.89	1.37	1.23
0.51	0.27	0.57	0.48	0.48	0.39	0.40	0.37
0.43	0.34	0.56	0.43	0.57	0.60	0.63	0.60
0.82	0.74	0.55	0.55	0.60	0.41	0.43	0.33
1.28	1.23	1.42	1.36	1.27	0.89	1.01	0.83
0.92	0.64	1.15	0.74	1.14	0.80	1.50	1.64
12.19	9.40	14.76	12.20	14.19	12.39	12.28	10.78

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT						
MATERIALS						
Paper	23.42	23.55	18.46	20.83	19.34	17.38
Other chargeable materials	5.36	5.36	4.00	3.28	5.14	6.31
Outside services	8.49	7.22	9.81	9.41	7.93	7.18
TOTAL MATERIALS	37.27	36.13	32.27	33.52	32.41	30.87
FACTORY PAYROLL	26.47	24.25	28.83	23.68	27.74	25.12
FACTORY EXPENSES	12.56	11.68	14.57	13.43	15.46	14.92
TOTAL FACTORY COST OF PRODUCT	76.30	72.06	75.67	70.63	75.61	70.91
GROSS PROFIT	23.70	27.94	24.33	29.37	24.39	29.09
ADMINISTRATIVE AND SELLING EXPENSES						
Administrative expenses	10.01	8.90	13.98	9.75	15.29	11.45
Selling expenses	8.26	6.99	6.90	4.97	6.12	3.57
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	18.27	15.89	20.88	14.72	21.41	15.02
INCOME BEFORE INTEREST EXPENSE	5.43	12.05	3.45	14.65	2.98	14.07
Interest expense	1.97	1.41	1.41	1.53	1.98	1.78
OPERATING INCOME	3.46	10.64	2.04	13.12	1.00	12.29
Other income (expense)	0.68	1.15	0.10	(0.29)	0.52	0.82
INCOME BEFORE INCOME TAXES	4.14	11.79	2.14	12.83	1.52	13.11

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS						
Ink	1.67%	1.97%	0.83%	0.69%	0.81%	0.52%
Film	1.11	0.88	1.46	0.51	1.19	0.96
Plates	1.17	1.07	0.89	0.74	1.11	0.75
Other chargeable materials	1.41	1.44	0.82	1.34	2.03	4.08
TOTAL OTHER CHARGEABLE MATERIALS	5.36	5.36	4.00	3.28	5.14	6.31
OUTSIDE SERVICES						
Composition	0.81	0.51	1.53	0.06	1.12	0.86
Offset preparation	1.34	1.31	0.39	0.00	0.55	0.93
Printing	2.25	1.74	5.46	9.06	3.24	3.20
Binding	1.96	1.48	1.96	0.21	1.05	0.47
Other outside services	2.13	2.18	0.47	0.08	1.97	1.72
TOTAL OUTSIDE SERVICES	8.49	7.22	9.81	9.41	7.93	7.18

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
19.91	19.27	22.78	23.59	26.24	24.87	28.83	27.18
4.58	4.55	5.15	5.13	5.59	4.42	6.82	6.58
9.37	7.91	9.27	7.18	7.80	8.67	6.42	5.85
33.86	31.73	37.20	35.90	39.63	37.96	42.07	39.61
27.00	26.18	26.30	23.00	26.01	24.11	25.83	24.21
13.48	11.70	12.15	11.56	11.67	11.08	11.73	11.25
74.34	69.61	75.65	70.46	77.31	73.15	79.63	75.07
25.66	30.39	24.35	29.54	22.69	26.85	20.37	24.93
13.16	13.03	9.76	9.67	8.00	7.29	5.92	5.66
7.97	6.40	9.19	7.96	8.68	7.87	7.19	6.79
21.13	19.43	18.95	17.63	16.68	15.16	13.11	12.45
4.53	10.96	5.40	11.91	6.01	11.69	7.26	12.48
1.91	1.14	2.06	1.83	2.09	1.13	1.76	1.20
2.62	9.82	3.34	10.08	3.92	10.56	5.50	11.28
0.61	1.01	0.75	1.46	0.72	1.16	0.71	1.04
3.23	10.83	4.09	11.54	4.64	11.72	6.21	12.32
0.95%	1.04%	1.42%	1.55%	1.81%	1.70%	3.29%	3.38%
1.06	0.70	1.18	1.06	1.19	0.71	0.91	0.92
1.23	1.07	1.22	1.31	1.29	1.18	0.96	0.89
1.34	1.74	1.33	1.21	1.30	0.83	1.66	1.39
4.58	4.55	5.15	5.13	5.59	4.42	6.82	6.58
1.10	0.75	0.92	0.77	0.46	0.30	0.35	0.10
1.11	1.07	1.79	1.53	1.32	2.51	1.15	0.69
3.36	2.45	2.04	1.12	1.01	1.35	1.65	1.45
1.71	1.27	2.15	1.38	2.45	1.98	1.74	1.74
2.09	2.37	2.37	2.38	2.56	2.53	1.53	1.87
9.37	7.91	9.27	7.18	7.80	8.67	6.42	5.85

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL						
Salaries - executive	1.98%	1.78%	3.47%	6.24%	2.11%	2.66%
Direct wages	18.17	16.31	21.26	14.23	21.63	19.52
General factory salaries and wages	1.64	1.89	0.15	0.52	0.35	0.09
Packing, shipping and delivery wages	0.83	0.72	0.06	0.27	0.44	0.36
Payroll taxes	1.79	1.53	2.39	2.04	2.03	1.67
Employee benefits	2.06	2.02	1.50	0.38	1.18	0.82
TOTAL FACTORY PAYROLL	26.47	24.25	28.83	23.68	27.74	25.12
FACTORY EXPENSES						
Fixed Expenses						
Depreciation - real estate	0.25	0.26	0.04	0.00	0.30	0.61
Depreciation - other	3.23	3.30	2.97	3.24	4.30	3.77
Taxes - real estate	0.20	0.21	0.05	0.00	0.21	0.10
Taxes - other	0.19	0.15	0.29	0.03	0.13	0.08
Insurance	0.49	0.41	1.07	0.80	1.10	0.87
Building rent	1.45	1.20	3.36	3.35	2.63	2.21
Utilities - heat, light, etc.	1.19	1.07	1.10	0.53	1.38	1.14
Equipment rental	0.58	0.37	1.27	0.92	0.98	1.33
Total Fixed Expenses	7.58	6.97	10.15	8.87	11.03	10.11
Other Expenses						
Factory supplies and expense	1.92	1.86	1.28	1.63	1.69	2.25
Packing, shipping and delivery expense	1.02	0.92	1.26	1.21	0.87	0.53
Repairs and maintenance	1.35	1.38	1.28	1.50	1.36	1.73
Other factory expenses	0.69	0.55	0.60	0.22	0.51	0.30
Total Other Expenses	4.98	4.71	4.42	4.56	4.43	4.81
TOTAL FACTORY EXPENSES	12.56	11.68	14.57	13.43	15.46	14.92
ADMINISTRATIVE EXPENSES						
Salaries - executive	3.01	2.73	5.71	3.16	6.11	3.34
Salaries - office	2.47	2.11	3.02	3.60	3.41	2.59
Payroll taxes	0.40	0.30	0.75	0.14	0.77	0.27
Employee benefits	0.54	0.51	0.49	0.00	0.67	0.23
Bad debts	0.48	0.43	0.20	0.18	0.59	1.13
Office supplies and expenses	0.49	0.43	0.53	0.77	0.65	0.67
Professional fees	0.56	0.54	0.60	0.66	0.87	0.92
Taxes - business	0.18	0.20	0.21	0.12	0.29	0.32
Telephone	0.51	0.42	1.43	0.79	0.84	0.86
Other administrative expenses	1.37	1.23	1.04	0.33	1.09	1.12
TOTAL ADMINISTRATIVE EXPENSES	10.01	8.90	13.98	9.75	15.29	11.45
SELLING EXPENSES						
Salaries - executive	1.28	1.13	2.22	1.30	1.37	0.71
Salaries and commissions - salesmen	3.77	3.15	1.69	2.59	1.88	0.59
Salaries - sales office clerical	0.66	0.50	0.56	0.05	0.38	0.33
Payroll taxes	0.31	0.24	0.13	0.10	0.22	0.09
Employee benefits	0.32	0.30	0.10	0.03	0.11	0.08
Advertising	0.42	0.34	1.04	0.44	0.69	0.58
Travel and entertainment	0.81	0.71	0.96	0.41	0.98	0.83
Other selling expenses	0.69	0.62	0.20	0.05	0.49	0.36
TOTAL SELLING EXPENSES	8.26	6.99	6.90	4.97	6.12	3.57

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.37%	1.88%	1.94%	1.70%	1.67%	1.37%	1.66%	1.56%
19.60	19.00	17.88	14.74	17.32	16.62	16.01	15.33
0.82	1.12	1.78	2.51	2.03	1.53	2.72	2.48
0.67	0.83	1.01	0.70	0.85	0.72	0.85	0.79
1.84	1.57	1.74	1.46	1.74	1.53	1.74	1.52
1.70	1.78	1.95	1.89	2.40	2.34	2.85	2.53
27.00	26.18	26.30	23.00	26.01	24.11	25.83	24.21
0.23	0.09	0.23	0.27	0.23	0.27	0.33	0.29
3.55	3.76	3.21	3.43	2.84	3.01	2.85	2.93
0.18	0.25	0.20	0.21	0.19	0.20	0.25	0.21
0.19	0.13	0.17	0.15	0.24	0.25	0.17	0.14
0.73	0.62	0.44	0.39	0.28	0.29	0.21	0.23
2.37	2.26	1.29	1.15	0.86	0.71	0.49	0.48
1.08	0.86	1.09	0.89	1.23	1.27	1.43	1.30
0.67	0.32	0.55	0.40	0.55	0.11	0.31	0.25
9.00	8.29	7.18	6.89	6.42	6.11	6.04	5.83
1.57	1.00	1.86	1.74	2.07	2.02	2.52	2.34
1.02	0.80	1.12	0.99	1.00	1.10	0.87	0.91
1.25	1.28	1.35	1.37	1.36	1.22	1.50	1.46
0.64	0.33	0.64	0.57	0.82	0.63	0.80	0.71
4.48	3.41	4.97	4.67	5.25	4.97	5.69	5.42
13.48	11.70	12.15	11.56	11.67	11.08	11.73	11.25
4.26	4.49	2.78	2.93	2.14	2.44	1.31	1.39
3.42	3.25	2.40	2.27	1.96	1.43	1.45	1.40
0.57	0.45	0.36	0.38	0.27	0.22	0.18	0.18
0.68	0.88	0.52	0.48	0.46	0.47	0.41	0.40
0.52	0.42	0.52	0.44	0.45	0.40	0.39	0.30
0.65	0.69	0.50	0.44	0.36	0.27	0.30	0.26
0.65	0.62	0.58	0.62	0.48	0.43	0.38	0.36
0.20	0.24	0.19	0.29	0.13	0.15	0.10	0.09
0.68	0.52	0.45	0.42	0.39	0.32	0.29	0.29
1.53	1.47	1.46	1.40	1.36	1.16	1.11	0.99
13.16	13.03	9.76	9.67	8.00	7.29	5.92	5.66
1.57	1.38	1.34	1.23	1.13	1.34	0.79	0.84
3.28	2.54	4.47	4.03	4.40	4.01	3.22	2.72
0.54	0.31	0.71	0.37	0.68	0.59	0.82	0.80
0.33	0.19	0.36	0.31	0.29	0.24	0.24	0.24
0.28	0.23	0.35	0.28	0.35	0.40	0.38	0.39
0.55	0.51	0.35	0.35	0.37	0.25	0.26	0.22
0.83	0.82	0.89	0.90	0.77	0.55	0.59	0.53
0.59	0.42	0.72	0.49	0.69	0.49	0.89	1.05
7.97	6.40	9.19	7.96	8.68	7.87	7.19	6.79

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS						
CURRENT ASSETS						
Cash	5.97%	10.38%	(18.18)%	(9.40)%	8.18%	9.49%
Receivables	33.05	29.32	45.38	51.96	29.06	28.83
Inventories	12.95	10.67	28.25	14.12	9.72	6.19
Other current assets	3.80	5.21	1.73	0.77	3.80	1.82
TOTAL CURRENT ASSETS	55.77	55.58	57.18	57.45	50.76	46.33
FIXED ASSETS						
Real estate	9.57	9.39	4.00	0.00	10.04	6.35
Less: Accumulated depreciation	2.89	2.51	0.50	0.00	2.31	2.03
	6.68	6.88	3.50	0.00	7.73	4.32
Machinery and equipment	66.26	59.96	73.61	86.05	87.25	72.85
Less: Accumulated depreciation	36.53	30.23	42.36	51.17	54.07	36.45
	29.73	29.73	31.25	34.88	33.18	36.40
Other fixed assets	7.35	6.61	9.68	5.40	8.67	13.85
Less: Accumulated depreciation	3.89	3.27	5.20	3.14	4.09	4.79
	3.46	3.34	4.48	2.26	4.58	9.06
NET FIXED ASSETS	39.87	39.95	39.23	37.14	45.49	49.78
OTHER ASSETS	4.36	4.47	3.59	5.41	3.75	3.89
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Notes payable	9.66	5.49	10.75	19.88	11.90	9.89
Accounts payable	14.39	11.46	16.08	14.15	13.68	8.49
Other current liabilities	9.26	9.66	9.61	7.59	7.29	5.49
TOTAL CURRENT LIABILITIES	33.31	26.61	36.44	41.62	32.87	23.87
LONG-TERM LIABILITIES	29.52	22.97	51.38	7.57	33.21	29.99
TOTAL LIABILITIES	62.83	49.58	87.82	49.19	66.08	53.86
SHAREHOLDERS' AND PROPRIETORS' EQUITY	37.17	50.42	12.18	50.81	33.92	46.14
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.67	2.09	1.57	1.38	1.54	1.94
QUICK RATIO	1.29	1.69	0.79	1.04	1.25	1.68
TOTAL LIABILITIES TO EQUITY	1.69	0.98	7.21	0.97	1.95	1.17
LONG-TERM LIABILITIES TO EQUITY	0.79	0.46	4.22	0.15	0.98	0.65
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.55	0.50	0.58	0.59	0.62	0.50

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
8.24%	16.21%	6.45%	9.59%	5.10%	12.93%	4.20%	7.36%
34.76	30.78	33.99	30.04	31.95	25.95	30.29	28.30
9.98	7.97	12.28	10.20	14.64	12.13	16.50	12.96
3.55	3.57	3.94	5.37	4.07	8.84	3.78	5.05
56.53	58.53	56.66	55.20	55.76	59.85	54.77	53.67
6.26	4.15	9.03	9.24	10.27	12.27	14.79	12.58
2.23	1.81	2.84	2.33	3.22	3.72	4.01	2.72
4.03	2.34	6.19	6.91	7.05	8.55	10.78	9.86
73.19	69.39	65.25	58.74	58.64	52.87	57.71	54.54
42.58	38.18	36.25	29.43	29.19	27.53	28.83	24.68
30.61	31.21	29.00	29.31	29.45	25.34	28.88	29.86
9.76	9.65	7.96	6.04	4.96	4.34	4.48	4.90
5.24	5.36	4.40	3.30	2.53	2.16	2.18	2.19
4.52	4.29	3.56	2.74	2.43	2.18	2.30	2.71
39.16	37.84	38.75	38.96	38.93	36.07	41.96	42.43
4.31	3.63	4.59	5.84	5.31	4.08	3.27	3.90
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
9.29	5.36	9.87	7.10	11.02	3.67	7.29	3.00
15.68	10.53	15.13	13.75	13.63	11.27	12.08	10.31
8.03	8.88	9.32	9.22	10.49	12.17	10.27	10.29
33.00	24.77	34.32	30.07	35.14	27.11	29.64	23.60
29.97	21.10	30.04	25.24	26.28	18.71	27.52	23.53
62.97	45.87	64.36	55.31	61.42	45.82	57.16	47.13
37.03	54.13	35.64	44.69	38.58	54.18	42.84	52.87
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.71	2.36	1.65	1.84	1.59	2.21	1.85	2.27
1.41	2.04	1.29	1.50	1.17	1.76	1.29	1.73
1.70	0.85	1.81	1.24	1.59	0.85	1.33	0.89
0.81	0.39	0.84	0.56	0.68	0.35	0.64	0.45
0.58	0.55	0.56	0.50	0.50	0.52	0.50	0.45

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT						
Average assets per employee - All employees	$ 37,164	$ 46,793	$ 10,916	$ 9,903	$ 23,591	$ 29,755
Average assets per factory employee (Excluding Executives)	58,337	63,200	19,146	18,882	36,804	39,776
Average net worth per employee - All employees	14,289	22,903	2,745	4,629	8,841	13,774
Average gross plant investment per factory employee (Excluding Executives)	42,814	46,421	17,776	15,370	35,475	34,935
Net worth percentage of fixed assets	120.07%	160.16%	15.79%	141.25%	107.11%	184.97%
EMPLOYEES						
Percent factory - All employees	74.41%	77.60%	70.65%	69.01%	69.73%	79.08%
Percent administrative - All employees	14.02	12.59	19.23	19.01	21.56	15.86
Percent sales - All employees	11.57	9.81	10.12	11.98	8.71	5.06
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES						
Sales per employee - All employees	$ 72,327	$ 80,231	$ 38,393	$ 37,197	$ 48,804	$ 60,555
Sales per factory employee	118,945	103,540	57,725	53,691	72,552	76,288
Sales less material per factory employee	65,942	64,150	39,161	35,458	48,280	52,277
Sales per administrative employee	684,915	881,399	248,245	100,273	279,008	476,962
EXCLUDING EXECUTIVES						
Sales per employee - All employees	80,667	87,994	49,440	46,401	60,699	71,058
Sales per factory employee	125,033	108,915	65,696	65,069	77,061	82,344
Sales less material per factory employee	69,656	67,568	44,634	43,605	51,259	56,366
SALES PER SALESMAN	753,879	1,023,760	65,662	100,000	150,133	88,750
SALES TO CURRENT ASSETS	428%	377%	908%	704%	618%	616%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES						
Total payroll percentage of sales	39.24%	35.22%	43.49%	34.54%	42.67%	33.36%
Factory payroll percentage of gross plant investment	80.77	70.95	202.18	101.08	83.48	97.41
Payroll per employee - All employees	$ 27,100	$ 26,565	$ 16,562	$ 12,382	$ 19,424	$ 17,388
Payroll per factory employee	24,574	23,570	15,515	12,604	18,325	17,178
Payroll per administrative employee	31,921	34,971	18,808	8,143	21,693	15,522
Payroll per sales employee	40,280	43,078	13,773	15,938	15,672	10,983
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES						
Payroll per employee - All employees	$ 21,060	$ 20,312	$ 12,939	$ 9,986	$ 15,149	$ 14,580
Payroll per factory employee	20,168	19,212	12,748	9,663	15,707	14,710
Payroll per administrative employee	16,661	16,531	9,898	6,642	11,002	9,619
Payroll per sales employee	31,687	31,340	7,137	9,483	8,467	3,087
EXECUTIVE PAYROLL						
Payroll per executive - All executives	48,624	56,310	15,021	11,225	24,973	17,548
Payroll per factory executive	31,843	33,324	8,298	11,982	13,835	16,765
Payroll per administrative executive	57,185	70,567	14,378	9,941	24,122	15,384
Payroll per sales executive	41,959	50,830	9,991	11,423	11,318	8,377
RECEIVABLES						
Collection period	58.2	58.8	39.4	45.1	44.9	46.5
PROFIT						
Gross profit percentage of sales	23.70%	27.94%	24.33%	29.37%	24.39%	29.09%
Average gross profit per factory employee	$ 30,038	$ 30,326	$ 17,092	$ 19,102	$ 19,738	$ 24,513
Income before taxes percentage of sales	4.14%	11.79%	2.14%	12.83%	1.52%	13.11%
Average income before taxes per employee	$ 3,326	$ 9,555	$ 915	$ 4,785	$ 1,362	$ 8,339

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 25,382	$ 27,766	$ 35,287	$ 43,982	$ 45,965	$ 56,851	$ 55,976	$ 62,678
40,388	42,081	66,827	62,610	62,878	75,541	72,089	78,766
10,146	14,107	12,707	19,920	18,108	30,668	22,627	30,571
34,817	33,110	43,360	46,133	46,098	51,165	54,370	57,327
120.45%	171.39%	127.56%	148.79%	119.39%	192.51%	119.47%	140.81%
69.03%	70.72%	73.49%	75.46%	77.68%	78.45%	82.53%	84.00%
18.67	19.49	13.56	13.03	11.04	10.31	8.24	7.79
12.30	9.79	12.95	11.51	11.28	11.24	9.23	8.21
$ 57,023	$ 54,947	$ 71,626	$ 77,198	$ 83,492	$ 94,434	$ 95,684	$ 99,011
85,430	79,318	157,043	103,747	108,742	120,496	117,537	118,830
55,587	53,609	77,485	65,166	64,735	72,957	66,108	69,407
339,476	325,729	579,021	676,697	873,390	1,012,260	1,386,797	1,530,942
66,458	63,729	79,829	85,095	90,841	102,201	102,169	105,201
92,309	84,039	162,969	108,949	114,642	125,602	123,553	124,441
59,903	56,795	81,156	68,495	68,184	76,020	69,498	72,827
252,440	263,858	488,236	497,247	825,570	684,936	1,790,305	2,045,799
483%	410%	402%	360%	363%	311%	352%	333%
41.92%	39.90%	39.60%	35.28%	37.70%	35.25%	34.63%	32.58%
91.95	81.14	75.86	65.80	79.15	70.89	65.26	61.49
$ 23,343	$ 21,633	$ 27,525	$ 25,950	$ 30,726	$ 31,706	$ 31,638	$ 30,509
21,768	19,892	24,732	22,377	27,362	27,591	28,541	27,095
27,412	27,136	31,806	35,504	36,525	40,957	38,900	42,385
26,554	26,681	39,973	39,047	51,338	52,678	60,523	61,903
$ 17,936	$ 16,424	$ 21,494	$ 19,628	$ 24,022	$ 24,093	$ 24,468	$ 23,375
18,085	16,663	20,428	18,188	22,258	22,466	22,787	21,725
14,650	13,565	16,795	16,910	18,846	17,278	19,775	19,921
18,031	14,815	32,930	30,897	41,570	40,665	48,983	45,339
36,339	32,472	48,310	56,848	59,581	79,664	67,341	69,738
24,673	17,397	32,871	35,368	36,203	34,279	44,314	46,354
37,722	33,446	54,640	70,695	69,899	86,140	93,145	102,685
22,586	19,515	37,350	38,240	55,489	55,790	79,367	94,516
54.5	55.2	59.2	61.2	63.2	58.0	63.2	62.8
25.66%	30.39%	24.35%	29.54%	22.69%	26.85%	20.37%	24.93%
$ 23,981	$ 25,763	$ 40,369	$ 32,598	$ 26,279	$ 33,770	$ 25,337	$ 30,965
3.23%	10.83%	4.09%	11.54%	4.64%	11.72%	6.21%	12.32%
$ 1,881	$ 5,907	$ 3,053	$ 9,207	$ 4,081	$ 11,075	$ 6,098	$ 11,997

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT						
Current Assets:						
Cash	$ 3.23	$ 6.02	$ 0.38	$(0.74)	$ 3.50	$ 4.50
Receivables	15.47	15.60	10.60	11.63	12.01	12.10
Inventories	6.32	5.99	4.89	4.52	4.77	2.68
Marketable securities	0.85	2.06	0.01	0.00	0.59	0.37
Other current assets	1.28	1.45	0.53	0.29	1.57	0.77
	27.15	31.12	16.41	15.70	22.44	20.42
Plant Investment:						
Land and building	5.84	6.25	1.81	0.00	7.28	3.37
Machinery and equipment	32.19	33.35	20.55	21.53	36.92	31.09
Other fixed assets	3.42	3.32	1.63	1.73	4.15	5.29
	41.45	42.92	23.99	23.26	48.35	39.75
Non-Current Assets	2.40	2.96	0.97	2.06	1.92	1.79
TOTAL INVESTMENT	71.00	77.00	41.37	41.02	72.71	61.96
INVESTMENT TURNOVER PER $100 OF SALES	140.85%	129.87%	241.72%	243.78%	137.53%	161.39%
EARNINGS						
Cost of Product	$76.30	$72.06	$75.67	$70.63	$75.61	$70.91
Selling Expenses	8.26	6.99	6.90	4.97	6.12	3.57
Administrative Expenses	10.01	8.90	13.98	9.75	15.29	11.45
	94.57	87.95	96.55	85.35	97.02	85.93
Income Before Interest, Other Income (Expense), and Taxes	5.43	12.05	3.45	14.65	2.98	14.07
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.65%	15.65%	8.34%	35.71%	4.10%	22.71%

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 3.90	$ 8.22	$ 3.16	$ 5.09	$ 3.23	$ 8.77	$ 2.63	$ 4.73
14.52	14.73	15.70	16.25	16.73	15.41	16.78	16.74
4.35	4.14	5.94	5.47	7.81	7.77	8.99	7.58
0.50	1.17	0.89	1.69	1.17	4.29	1.09	2.25
1.18	1.12	1.30	1.96	1.22	1.48	1.40	1.35
24.45	29.38	26.99	30.46	30.16	37.72	30.89	32.65
3.83	2.80	5.38	6.27	6.36	8.42	8.81	8.28
31.45	33.22	31.91	33.54	31.91	32.99	33.26	34.72
4.20	4.48	3.73	3.19	2.69	2.70	2.37	2.67
39.48	40.50	41.02	43.00	40.96	44.11	44.44	45.67
1.92	1.93	2.55	4.02	3.17	2.90	2.31	2.89
65.85	71.81	70.56	77.48	74.29	84.73	77.64	81.21
151.86%	139.26%	141.72%	129.07%	134.61%	118.02%	128.80%	123.14%
$74.34	$69.61	$75.65	$70.46	$77.31	$73.15	$79.63	$75.07
7.97	6.40	9.19	7.96	8.68	7.87	7.19	6.79
13.16	13.03	9.76	9.67	8.00	7.29	5.92	5.66
95.47	89.04	94.60	88.09	93.99	88.31	92.74	87.52
4.53	10.96	5.40	11.91	6.01	11.69	7.26	12.48
6.88%	15.26%	7.65%	15.37%	8.09%	13.80%	9.35%	15.37%

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL PRINTING FIRMS	879	$ 3,963,000	$ 6,990,000	$ 410,000
TOTAL - PROFIT LEADERS*	177	6,520,000	10,819,000	1,285,000
BY SIZE OF FIRM:				
ALL FIRMS				
0-$250,000	14	54,000	179,000	4,000
$250,000-$500,000	59	193,000	395,000	6,000
$500,000-$1,500,000	197	441,000	963,000	32,000
$1,500,000-$5,000,000	313	1,507,000	3,018,000	125,000
$5,000,000-$10,000,000	149	3,896,000	7,041,000	323,000
Over $10,000,000	147	15,866,000	26,768,000	1,814,000
PROFIT LEADERS				
0-$250,000	3	40,000	158,000	21,000
$250,000-$500,000	12	186,000	402,000	53,000
$500,000-$1,500,000	32	521,000	961,000	104,000
$1,500,000-$5,000,000	52	1,837,000	3,254,000	379,000
$5,000,000-$10,000,000	29	4,365,000	6,934,000	806,000
Over $10,000,000	49	18,631,000	30,788,000	3,679,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 3.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services

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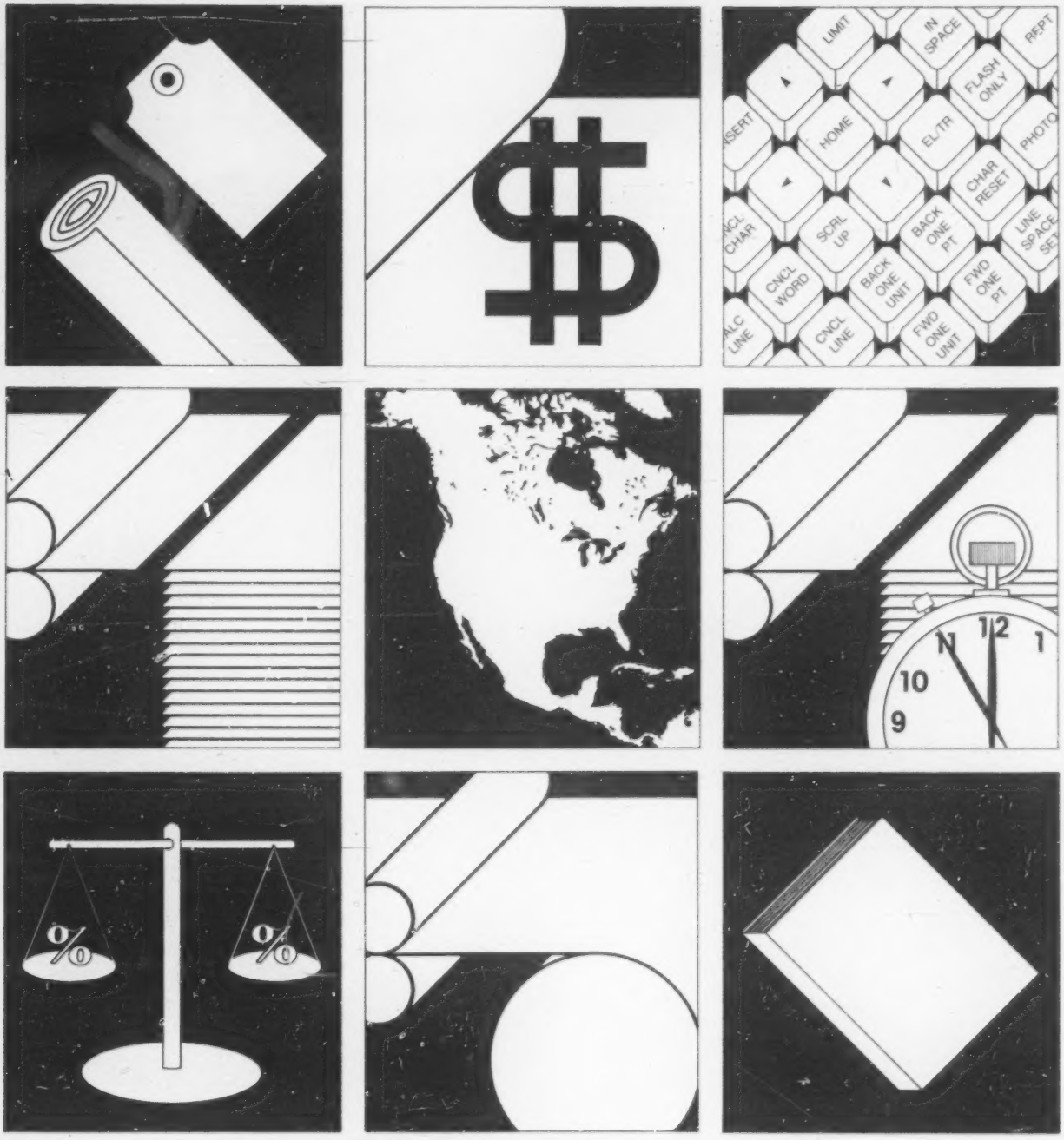
Printing Industries of America, Inc.

1984 Financial Ratios



Volume III
All Printers by Product Specialty

ABOUT PIA . . .

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial service package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
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- Financial Management/Microcomputer Seminars

For further information, contact:

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PIA's Education and Publication Group is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980s (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981-82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation
- 1984 Executive Compensation Report

These books are available through PIA Affiliated Associations' Graphic Arts Bookstores. For further information, contact:

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(703) 841-8144

61ST annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1984 FINANCIAL RATIOS

ALL PRINTERS BY PRODUCT SPECIALTY

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Printed in U.S.A.

PRINTING INDUSTRIES OF AMERICA, INC.

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Dear Colleague:

1984 is the 61st year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the U.S. and Canadian graphic arts industries. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the U.S. and Canadian printing industry, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

We are pleased to be a part of PIA's 1984 Financial Ratio Study. This year, a total of 901 firms representing the printing industry in the United States and Canada participated in these studies by responding to PIA's questionnaire on financial performance. Among these respondents, 184 firms may be considered "Profit Leaders," earning eight percent or greater pretax profits on sales. Such widespread participation has made the annual PIA Ratio Studies the most comprehensive financial reports available on the health of the graphic arts industry.

This book presents the financial status of printing firms according to product specialty — for example, Commercial and Advertising, Magazine and Periodical, Newspaper, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms with the same product specialty in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

VALUE ADDED DEFINED

Value added is simply your sales less material costs, which include paper, other chargeable materials and outside services. Value added is, therefore, that component of a sale attributable to your own manufacture. It is calculated as follows:

Sales		$100.00
Less Materials:		
Paper	$ 23.03	
Other chargeable materials	5.38	
Outside services	8.03	36.44
Value Added		$ 63.56

Other chargeable materials include ink, film, plates, etc., but not general supplies, such as repair or maintenance parts. Outside services are purchases of job-related services -- composition, offset preparation, printing, bindery, etc.

KNOWN BY OTHER TERMS

Value added is also known by such other terms as inside sales, conversion value, inside manufacturing value and real contribution to overhead and profit. Whatever the term, the concept of value added is of prime importance to the profitability of your operations.

CONCEPTUAL UNDERSTANDING OF VALUE ADDED

Once you observe that value added is the residual of sales less material costs, you realize that this value provided by your own manufacture is all you have available to pay your remaining expenses. These are:

- Factory labor
- Other factory expenses
- Administrative expenses
- Selling expenses
- Interest

Then, what is left is a profit. This is different from the basic "cost sheet concept" that we are accustomed to in the printing industry.

Since, generally, within a relevant range of operations, these expenses behave as fixed costs, the "overhead" represented by these expenses will remain practically constant. Therefore, you want to maximize your value added.

Let us illustrate this with the following example, in which we are increasing the value added derived from $1,000,000 of sales from $635,600 to $675,000 to see the effect on operating income. We will assume that "overhead" (factory labor; other factory, administrative, selling and interest expenses) will remain the same.

The assumption that these expenses will not increase is being taken with some license; actually they would increase, but very little. We are taking this liberty to prove the point that, within this relevant range, these expenses behave in a fixed manner. This helps to understand the effect of value added on profit.

	Original	After Increase in Value Added
SALES	$1,000,000	
Material Costs	364,400	
VALUE ADDED	635,600	$675,000
"Overhead"	591,000	591,000
Operating Income	$ 44,600	$ 84,000

STATEMENT OF OPERATIONS -- VALUE ADDED: THE BETTER STATEMENT

By eliminating the distortion that material costs introduce into the conventional operating statement, value added gives you a truer picture of your operations.

For example, if we were comparing the statement of operations of a short-run, sheet-fed company with that of a web-offset firm, and our comparison was related to percentages based on sales, we could have significant differences in ratios. The reason: the significant differences in material costs. It would appear that the web-offset operation had a lower factory labor cost because a substantial amount of the sale was materials. But, in truth, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

Almost every company's product mix is different and, by using statements of operations based on value added, this product mix difference is eliminated. In conclusion, the Statement of Operations -- Value Added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	42.09	37.86	46.70	41.44	47.56	37.16
FACTORY EXPENSES	20.31	18.08	22.60	22.30	20.09	18.22
TOTAL FACTORY COST OF PRODUCT	62.40	55.94	69.30	63.74	67.65	55.38
GROSS PROFIT	37.60	44.06	30.70	36.26	32.35	44.62
ADMINISTRATIVE AND SELLING EXPENSES						
Administrative expenses	16.43	14.48	11.76	9.45	15.26	14.33
Selling expenses	13.68	11.24	7.39	5.54	6.26	2.28
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	30.11	25.72	19.15	14.99	21.52	16.61
INCOME BEFORE INTEREST EXPENSE	7.49	18.34	11.55	21.27	10.83	28.01
Interest expense	3.22	2.02	3.39	2.83	2.86	1.47
OPERATING INCOME	4.27	16.32	8.16	18.44	7.97	26.54
Other income (expense)	1.10	2.16	1.25	1.31	1.95	0.83
INCOME BEFORE INCOME TAXES	5.37	18.48	9.41	19.75	9.92	27.37

* See page 10 for the definition of "Profit Leaders".
** Sample insufficient for Profit Leaders.

FINANCIAL		DIRECT MAIL - CATALOG**	DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
45.09	42.26	41.27	45.56	42.69	41.76	39.67	43.77
16.36	14.37	19.56	19.31	19.45	18.77	16.81	18.75
61.45	56.63	60.83	64.87	62.14	60.53	56.48	62.52
38.55	43.37	39.17	35.13	37.86	39.47	43.52	37.48
12.74	12.84	6.70	13.77	13.15	15.73	13.38	13.69
11.47	10.64	14.47	7.84	4.93	11.96	11.09	13.39
24.21	23.48	21.17	21.61	18.08	27.69	24.47	27.08
14.34	19.89	18.00	13.52	19.78	11.78	19.05	10.40
2.63	2.51	4.18	3.60	4.92	3.27	2.73	1.96
11.71	17.38	13.82	9.92	14.86	8.51	16.32	8.44
(0.03)	(0.01)	0.11	1.79	5.14	0.61	1.82	0.14
11.68	17.37	13.93	11.71	20.00	9.12	18.14	8.58

ALL PRINTERS BY PRODUCT SPECIALTY

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL						
Salaries - executive	3.18%	2.82%	3.01%	2.70%	1.76%	0.29%
Direct wages	29.32	26.60	30.16	25.85	35.03	29.47
General factory salaries and wages	2.48	2.30	4.72	4.56	1.92	0.58
Packing, shipping and delivery wages	1.29	1.10	1.07	0.87	2.21	0.70
Payroll taxes	2.70	2.25	2.71	2.48	2.49	1.97
Employee benefits	3.12	2.79	5.03	4.98	4.15	4.15
TOTAL FACTORY PAYROLL	42.09	37.86	46.70	41.44	47.56	37.16
FACTORY EXPENSES						
Fixed Expenses						
Depreciation - real estate	0.44	0.53	0.67	0.50	0.64	0.48
Depreciation - other	5.27	4.94	5.57	6.57	5.70	6.56
Taxes - real estate	0.33	0.29	0.31	0.26	0.37	0.44
Taxes - other	0.32	0.22	0.24	0.20	0.17	0.15
Insurance	0.88	0.73	0.37	0.41	0.66	0.60
Building rent	2.62	2.07	0.90	0.46	1.29	0.71
Utilities - heat, light, etc.	1.88	1.65	2.77	2.96	1.49	1.46
Equipment rental	0.93	0.72	0.94	0.60	0.26	0.68
Total Fixed Expenses	12.67	11.15	11.77	11.96	10.58	11.08
Other Expenses						
Factory supplies and expense	2.85	2.51	4.97	5.11	3.78	3.87
Packing, shipping and delivery expense	1.63	1.64	1.67	1.79	1.43	0.89
Repairs and maintenance	2.12	2.01	2.76	2.44	2.45	1.91
Other factory expenses	1.04	0.77	1.43	1.00	1.85	0.47
Total Other Expenses	7.64	6.93	10.83	10.34	9.51	7.14
TOTAL FACTORY EXPENSES	20.31	18.08	22.60	22.30	20.09	18.22
ADMINISTRATIVE EXPENSES						
Salaries - executive	5.02	4.62	2.93	2.32	4.63	6.77
Salaries - office	4.00	3.41	2.67	2.31	2.97	2.13
Payroll taxes	0.59	0.48	0.42	0.46	0.50	0.34
Employee benefits	0.88	0.90	0.88	1.13	0.63	0.52
Bad debts	0.76	0.52	1.02	0.44	1.32	1.32
Office supplies and expenses	0.82	0.73	0.56	0.68	0.79	0.40
Professional fees	0.98	0.93	0.69	0.51	1.01	0.98
Taxes - business	0.29	0.22	0.15	0.25	0.21	0.25
Telephone	0.85	0.72	0.52	0.42	0.97	0.91
Other administrative expenses	2.24	1.95	1.92	0.93	2.23	0.71
TOTAL ADMINISTRATIVE EXPENSES	16.43	14.48	11.76	9.45	15.26	14.33
SELLING EXPENSES						
Salaries - executive	2.22	1.80	0.99	1.23	0.97	0.31
Salaries and commissions - salesmen	6.21	5.08	2.91	1.17	2.23	0.56
Salaries - sales office clerical	0.94	0.85	0.85	0.77	0.82	0.14
Payroll taxes	0.50	0.35	0.23	0.14	0.19	0.07
Employee benefits	0.53	0.44	0.45	0.33	0.24	0.25
Advertising	0.73	0.61	0.38	0.23	0.32	0.30
Travel and entertainment	1.42	1.11	0.78	0.60	0.59	0.41
Other selling expenses	1.13	1.00	0.80	1.07	0.90	0.24
TOTAL SELLING EXPENSES	13.68	11.24	7.39	5.54	6.26	2.28

** Sample insufficient for Profit Leaders.

FINANCIAL		DIRECT MAIL - CATALOG**	DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
2.32%	1.63%	2.53%	4.34%	2.56%	3.21%	2.39%	2.30%
27.84	26.58	28.94	30.41	30.03	27.97	24.39	29.87
7.23	5.56	1.90	2.58	1.82	2.48	3.92	4.10
1.30	1.48	1.48	2.10	1.17	1.34	2.28	1.09
2.61	2.71	2.40	3.43	3.07	2.43	2.11	2.14
3.79	4.30	4.02	2.70	4.04	4.33	4.58	4.27
45.09	42.26	41.27	45.56	42.69	41.76	39.67	43.77
0.33	0.39	0.33	0.47	0.65	0.46	0.95	0.12
2.63	1.96	4.81	5.10	5.31	4.26	3.22	3.99
0.07	0.11	0.32	0.35	0.32	0.40	0.43	0.86
0.39	0.13	0.00	0.70	1.10	0.29	0.06	0.19
0.28	0.26	0.32	0.62	0.77	0.54	0.33	0.26
1.69	1.97	1.52	0.64	0.58	2.04	1.18	1.36
1.37	1.33	3.79	2.04	2.81	1.73	1.50	2.27
0.57	0.71	0.36	0.29	0.33	0.52	0.46	0.37
7.33	6.86	11.45	10.21	11.87	10.24	8.13	9.42
3.33	3.37	4.25	4.16	4.17	3.37	3.84	2.42
0.92	1.08	0.04	0.90	0.32	1.80	1.87	2.00
2.29	1.90	3.24	2.84	2.26	1.83	2.38	2.80
2.49	1.16	0.58	1.20	0.83	1.53	0.59	2.11
9.03	7.51	8.11	9.10	7.58	8.53	8.68	9.33
16.36	14.37	19.56	19.31	19.45	18.77	16.81	18.75
3.02	2.82	1.40	4.70	5.60	4.64	4.07	4.29
2.00	2.01	0.61	2.65	2.43	3.80	3.12	2.92
0.30	0.25	0.10	0.40	0.44	0.56	0.42	0.39
0.48	0.61	0.36	0.48	0.99	0.75	0.81	0.48
0.45	0.62	1.16	1.31	0.16	0.48	0.64	0.32
0.79	0.88	0.07	0.65	0.48	0.61	0.49	0.93
0.88	1.09	0.27	0.86	0.64	0.86	0.73	0.67
0.29	0.22	0.00	0.07	0.11	0.18	0.27	0.23
0.84	0.69	0.15	0.48	0.50	0.79	0.50	0.85
3.69	3.65	2.58	2.17	1.80	3.06	2.33	2.61
12.74	12.84	6.70	13.77	13.15	15.73	13.38	13.69
2.09	2.37	1.56	1.83	0.78	2.01	1.81	1.67
4.89	3.56	7.09	2.61	1.78	5.72	4.86	5.24
0.78	0.74	2.45	0.96	0.48	0.60	1.15	1.60
0.25	0.20	0.48	0.31	0.18	0.32	0.27	0.34
0.66	0.83	0.41	0.19	0.26	0.40	0.57	0.78
0.66	0.52	0.31	0.57	0.22	0.57	0.77	0.49
1.03	1.06	1.16	0.53	0.49	1.46	0.84	1.89
1.11	1.36	1.01	0.84	0.74	0.88	0.82	1.38
11.47	10.64	14.47	7.84	4.93	11.96	11.09	13.39

ALL PRINTERS BY PRODUCT SPECIALTY

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT						
MATERIALS						
Paper	22.20	21.83	27.39	23.14	34.39	35.15
Other chargeable materials	5.28	5.47	6.81	7.69	5.06	4.12
Outside services	8.94	7.45	5.22	4.51	3.60	3.43
TOTAL MATERIALS	36.42	34.75	39.42	35.34	43.05	42.70
FACTORY PAYROLL	26.74	24.81	28.39	26.78	27.21	21.98
FACTORY EXPENSES	12.86	11.77	13.80	14.48	11.35	10.46
TOTAL FACTORY COST OF PRODUCT	76.02	71.33	81.61	76.60	81.61	75.14
GROSS PROFIT	23.98	28.67	18.39	23.40	18.39	24.86
ADMINISTRATIVE AND SELLING EXPENSES						
Administrative expenses	10.52	9.53	6.91	6.08	8.79	8.23
Selling expenses	8.69	7.36	4.45	3.67	3.98	1.32
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	19.21	16.89	11.36	9.75	12.77	9.55
INCOME BEFORE INTEREST EXPENSE	4.77	11.78	7.03	13.65	5.62	15.31
Interest expense	2.02	1.33	2.04	1.86	1.59	0.97
OPERATING INCOME	2.75	10.45	4.99	11.79	4.03	14.34
Other income (expense)	0.68	1.42	0.73	0.83	1.10	0.48
INCOME BEFORE INCOME TAXES	3.43	11.87	5.72	12.62	5.13	14.82

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS						
Ink	1.61%	1.82%	3.82%	5.27%	2.20%	1.27%
Film	1.16	1.00	0.93	0.96	1.53	1.35
Plates	1.17	1.10	1.21	0.96	0.98	1.49
Other chargeable materials	1.34	1.55	0.85	0.50	0.35	0.01
TOTAL OTHER CHARGEABLE MATERIALS	5.28	5.47	6.81	7.69	5.06	4.12
OUTSIDE SERVICES						
Composition	0.95	1.06	0.14	0.19	0.20	0.54
Offset preparation	1.71	1.51	0.76	1.04	0.39	0.31
Printing	2.18	1.81	1.88	1.28	2.09	0.75
Binding	2.12	1.39	1.17	0.70	0.58	1.36
Other outside services	1.98	1.68	1.27	1.30	0.34	0.47
TOTAL OUTSIDE SERVICES	8.94	7.45	5.22	4.51	3.60	3.43

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.
*** Information not submitted.

FINANCIAL		DIRECT MAIL - CATALOG**	DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
13.77	16.28	27.67	32.49	38.57	23.50	27.29	28.95
2.04	2.08	8.51	5.00	4.46	7.99	5.07	5.73
8.30	4.78	10.70	3.10	3.91	4.25	2.15	6.29
24.11	23.14	46.88	40.59	46.94	35.74	34.51	40.97
34.07	32.38	21.92	27.56	23.59	27.13	26.06	25.76
12.38	11.02	10.39	11.23	10.36	11.76	10.79	11.14
70.56	66.54	79.19	79.38	80.89	74.63	71.36	77.87
29.44	33.46	20.81	20.62	19.11	25.37	28.64	22.13
9.68	9.88	3.56	8.08	6.66	10.20	9.21	8.13
8.84	8.42	7.68	5.04	2.52	7.67	7.01	7.97
18.52	18.30	11.24	13.12	9.18	17.87	16.22	16.10
10.92	15.16	9.57	7.50	9.93	7.50	12.42	6.03
1.99	1.93	2.23	1.90	2.36	1.96	1.67	1.18
8.93	13.23	7.34	5.60	7.57	5.54	10.75	4.85
(0.01)	0.01	0.06	0.94	2.82	0.47	1.23	0.14
8.92	13.24	7.40	6.54	10.39	6.01	11.98	4.99
0.59%	0.62%	6.99%	2.32%	1.53%	2.53%	1.99%	2.27%
0.61	0.38	0.47	0.84	0.82	1.30	1.11	0.10
0.20	0.11	0.52	1.09	1.28	1.16	0.99	0.67
0.64	0.97	0.53	0.75	0.83	3.00	0.98	2.69
2.04	2.08	8.51	5.00	4.46	7.99	5.07	5.73
0.68	1.48	0.00	0.05		0.94	0.20	0.87
0.70	0.00	0.00	0.28		0.54	0.14	0.25
0.85	1.60	0.00	1.20		1.89	1.45	0.78
2.61	1.11	10.70	1.24		0.27	0.18	0.05
3.46	0.59	0.00	0.33		0.61	0.18	4.34
8.30	4.78	10.70	3.10	***	4.25	2.15	6.29

ALL PRINTERS BY PRODUCT SPECIALTY

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL						
Salaries - executive	2.04%	1.88%	1.84%	1.71%	0.98%	0.19%
Direct wages	18.66	17.43	18.28	16.72	20.18	17.44
General factory salaries and wages	1.54	1.49	2.86	2.97	1.02	0.38
Packing, shipping and delivery wages	0.81	0.71	0.65	0.56	1.21	0.46
Payroll taxes	1.73	1.48	1.67	1.62	1.40	1.05
Employee benefits	1.96	1.82	3.09	3.20	2.42	2.46
TOTAL FACTORY PAYROLL	26.74	24.81	28.39	26.78	27.21	21.98
FACTORY EXPENSES						
Fixed Expenses						
Depreciation - real estate	0.27	0.34	0.40	0.33	0.37	0.32
Depreciation - other	3.34	3.21	3.40	4.24	3.30	4.01
Taxes - real estate	0.21	0.19	0.19	0.17	0.21	0.26
Taxes - other	0.20	0.15	0.15	0.13	0.10	0.08
Insurance	0.57	0.48	0.23	0.26	0.37	0.34
Building rent	1.68	1.37	0.57	0.32	0.70	0.37
Utilities - heat, light, etc.	1.18	1.06	1.71	1.92	0.81	0.77
Equipment rental	0.59	0.49	0.58	0.41	0.12	0.32
Total Fixed Expenses	8.04	7.29	7.23	7.78	5.98	6.47
Other Expenses						
Factory supplies and expense	1.80	1.62	3.05	3.32	2.09	1.97
Packing, shipping and delivery expense	1.02	1.05	1.01	1.18	0.87	0.52
Repairs and maintenance	1.34	1.31	1.63	1.55	1.33	1.20
Other factory expenses	0.66	0.50	0.88	0.65	1.08	0.30
Total Other Expenses	4.82	4.48	6.57	6.70	5.37	3.99
TOTAL FACTORY EXPENSES	12.86	11.77	13.80	14.48	11.35	10.46
ADMINISTRATIVE EXPENSES						
Salaries - executive	3.25	3.06	1.80	1.50	2.61	3.67
Salaries - office	2.58	2.26	1.59	1.44	1.73	1.28
Payroll taxes	0.38	0.32	0.24	0.30	0.29	0.18
Employee benefits	0.55	0.58	0.55	0.75	0.38	0.33
Bad debts	0.47	0.34	0.58	0.28	0.80	0.95
Office supplies and expenses	0.52	0.48	0.33	0.42	0.46	0.23
Professional fees	0.62	0.60	0.42	0.34	0.55	0.53
Taxes - business	0.19	0.14	0.09	0.17	0.12	0.17
Telephone	0.54	0.47	0.31	0.27	0.59	0.53
Other administrative expenses	1.42	1.28	1.00	0.61	1.26	0.36
TOTAL ADMINISTRATIVE EXPENSES	10.52	9.53	6.91	6.08	8.79	8.23
SELLING EXPENSES						
Salaries - executive	1.42	1.18	0.63	0.83	0.61	0.21
Salaries and commissions - salesmen	3.93	3.30	1.72	0.76	1.41	0.26
Salaries - sales office clerical	0.60	0.56	0.51	0.50	0.59	0.09
Payroll taxes	0.32	0.23	0.14	0.09	0.13	0.04
Employee benefits	0.34	0.29	0.27	0.21	0.16	0.16
Advertising	0.47	0.41	0.23	0.16	0.21	0.20
Travel and entertainment	0.90	0.73	0.45	0.40	0.35	0.22
Other selling expenses	0.71	0.66	0.50	0.72	0.52	0.14
TOTAL SELLING EXPENSES	8.69	7.36	4.45	3.67	3.98	1.32

** Sample insufficient for Profit Leaders.

FINANCIAL		DIRECT MAIL - CATALOG**	DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
1.74%	1.24%	1.35%	3.02%	1.56%	2.06%	1.51%	1.38%
21.01	20.27	15.36	18.29	16.87	18.25	15.98	17.41
5.44	4.29	1.01	1.50	0.84	1.59	2.64	2.48
0.97	1.11	0.79	1.18	0.59	0.88	1.55	0.66
1.98	2.08	1.28	2.09	1.69	1.56	1.38	1.28
2.93	3.39	2.13	1.48	2.04	2.79	3.00	2.55
34.07	32.38	21.92	27.56	23.59	27.13	26.06	25.76
0.27	0.32	0.17	0.23	0.34	0.28	0.59	0.08
1.96	1.49	2.57	3.03	2.80	2.65	1.98	2.35
0.05	0.08	0.17	0.22	0.15	0.25	0.27	0.51
0.30	0.11	0.00	0.39	0.60	0.19	0.03	0.12
0.21	0.20	0.17	0.39	0.45	0.35	0.23	0.16
1.24	1.43	0.80	0.39	0.34	1.34	0.84	0.78
1.03	1.01	2.01	1.18	1.56	1.09	0.99	1.35
0.46	0.57	0.19	0.16	0.14	0.37	0.36	0.21
5.52	5.21	6.08	5.99	6.38	6.52	5.29	5.56
2.51	2.56	2.26	2.30	2.11	2.03	2.40	1.44
0.80	0.98	0.02	0.56	0.18	1.08	1.19	1.20
1.70	1.42	1.72	1.70	1.29	1.14	1.51	1.68
1.85	0.85	0.31	0.68	0.40	0.99	0.40	1.26
6.86	5.81	4.31	5.24	3.98	5.24	5.50	5.58
12.38	11.02	10.39	11.23	10.36	11.76	10.79	11.14
2.28	2.18	0.74	2.79	2.91	3.00	2.72	2.51
1.50	1.52	0.32	1.53	1.19	2.51	2.24	1.76
0.22	0.19	0.05	0.24	0.22	0.36	0.30	0.23
0.38	0.48	0.19	0.25	0.47	0.49	0.55	0.29
0.37	0.51	0.61	0.68	0.07	0.31	0.43	0.19
0.59	0.66	0.04	0.41	0.26	0.40	0.33	0.55
0.69	0.86	0.14	0.53	0.37	0.57	0.52	0.40
0.22	0.17	0.00	0.04	0.07	0.12	0.19	0.13
0.65	0.54	0.08	0.29	0.27	0.50	0.34	0.51
2.78	2.77	1.39	1.32	0.83	1.94	1.59	1.56
9.68	9.88	3.56	8.08	6.66	10.20	9.21	8.13
1.64	1.90	0.83	1.25	0.46	1.34	1.12	0.96
3.70	2.76	3.76	1.66	0.94	3.62	2.99	3.12
0.62	0.61	1.30	0.66	0.21	0.37	0.71	0.96
0.19	0.16	0.25	0.21	0.09	0.21	0.17	0.21
0.53	0.69	0.22	0.11	0.12	0.25	0.36	0.45
0.50	0.40	0.16	0.40	0.10	0.40	0.58	0.30
0.78	0.81	0.62	0.32	0.28	0.94	0.54	1.14
0.88	1.09	0.54	0.43	0.32	0.54	0.54	0.83
8.84	8.42	7.68	5.04	2.52	7.67	7.01	7.97

ALL PRINTERS BY PRODUCT SPECIALTY

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS						
CURRENT ASSETS						
Cash	7.07%	11.83%	3.80%	8.74%	5.10%	13.86%
Receivables	32.82	30.54	29.71	21.25	25.94	30.73
Inventories	12.26	9.81	14.54	9.38	8.55	8.18
Other current assets	4.12	6.56	4.38	7.67	5.75	4.11
TOTAL CURRENT ASSETS	56.27	58.74	52.43	47.04	45.34	56.88
FIXED ASSETS						
Real estate	8.92	9.24	13.82	14.90	21.32	15.52
Less: Accumulated depreciation	2.82	2.86	3.87	2.67	4.82	3.83
	6.10	6.38	9.95	12.23	16.50	11.69
Machinery and equipment	67.18	58.14	66.03	63.90	62.41	60.47
Less: Accumulated depreciation	37.31	31.03	32.97	26.75	31.56	33.96
	29.87	27.11	33.06	37.15	30.85	26.51
Other fixed assets	7.90	6.62	3.94	2.74	7.83	3.87
Less: Accumulated depreciation	4.25	3.51	2.26	1.45	4.31	2.30
	3.65	3.11	1.68	1.29	3.52	1.57
NET FIXED ASSETS	39.62	36.60	44.69	50.67	50.87	39.77
OTHER ASSETS	4.11	4.66	2.88	2.29	3.79	3.35
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Notes payable	9.10	4.23	6.29	6.46	5.35	3.70
Accounts payable	14.73	10.90	13.86	7.97	17.93	27.60
Other current liabilities	9.48	9.84	10.28	8.00	8.18	11.92
TOTAL CURRENT LIABILITIES	33.31	24.97	30.43	22.43	31.46	43.22
LONG-TERM LIABILITIES	28.23	19.80	26.73	28.59	25.23	14.77
TOTAL LIABILITIES	61.54	44.77	57.16	51.02	56.69	57.99
SHAREHOLDERS' AND PROPRIETORS' EQUITY	38.46	55.23	42.84	48.98	43.31	42.01
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.69	2.35	1.72	2.10	1.44	1.32
QUICK RATIO	1.32	1.96	1.25	1.68	1.17	1.13
TOTAL LIABILITIES TO EQUITY	1.60	0.81	1.33	1.04	1.31	1.38
LONG-TERM LIABILITIES TO EQUITY	0.73	0.36	0.62	0.58	0.58	0.35
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.56	0.53	0.50	0.42	0.51	0.56

** Sample insufficient for Profit Leaders.

FINANCIAL		DIRECT MAIL - CATALOG**	DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
2.77%	4.14%	0.06%	11.23%	18.24%	4.00%	3.95%	(5.48)%
30.50	26.91	33.71	20.61	13.44	30.50	28.82	33.57
15.65	17.68	17.92	14.27	5.72	20.12	15.75	29.82
13.50	19.47	0.27	2.61	2.36	2.54	4.37	3.88
62.42	68.20	51.96	48.72	39.76	57.16	52.89	61.79
9.17	6.18	9.45	13.02	13.48	16.96	31.00	11.49
1.77	1.61	1.52	3.30	2.16	4.83	7.36	5.16
7.40	4.57	7.93	9.72	11.32	12.13	23.64	6.33
49.96	44.11	50.03	55.10	55.63	58.10	40.67	71.02
29.68	27.18	14.35	27.39	23.55	33.88	21.34	47.84
20.28	16.93	35.68	27.71	32.08	24.22	19.33	23.18
1.85	2.78	1.27	6.11	2.69	4.76	4.12	7.67
0.86	1.29	0.67	4.49	1.41	2.14	1.99	3.47
0.99	1.49	0.60	1.62	1.28	2.62	2.13	4.20
28.67	22.99	44.21	39.05	44.68	38.97	45.10	33.71
8.91	8.81	3.83	12.23	15.56	3.87	2.01	4.50
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
15.28	7.38	14.89	7.13	2.65	4.07	2.03	6.78
13.12	12.78	18.92	7.08	2.73	11.76	10.89	16.53
10.85	14.19	7.85	5.74	4.21	8.84	7.15	7.62
39.25	34.35	41.66	19.95	9.59	24.67	20.07	30.93
30.06	21.26	33.59	33.03	44.35	32.24	20.79	23.32
69.31	55.61	75.25	52.98	53.94	56.91	40.86	54.25
30.69	44.39	24.75	47.02	46.06	43.09	59.14	45.75
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.59	1.99	1.25	2.44	4.15	2.32	2.64	2.00
1.19	1.47	0.82	1.73	3.55	1.50	1.85	1.03
2.26	1.25	3.04	1.13	1.17	1.32	0.69	1.19
0.98	0.48	1.36	0.70	0.96	0.75	0.35	0.51
0.59	0.62	0.29	0.50	0.42	0.58	0.52	0.67

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT						
Average assets per employee - All employees	$ 33,840	$ 39,405	$ 44,817	$ 55,836	$ 39,245	$ 33,613
Average assets per factory employee (Excluding Executives)	49,273	54,643	55,625	65,988	47,612	38,267
Average net worth per employee - All employees	13,505	22,109	19,381	27,449	16,010	14,236
Average gross plant investment per factory employee (Excluding Executives)	39,675	39,080	44,775	52,794	41,324	32,285
Net worth percentage of fixed assets	130.75%	227.29%	103.25%	110.03%	109.10%	180.44%
EMPLOYEES						
Percent factory - All employees	73.38%	76.14%	84.65%	88.53%	84.21%	88.87%
Percent administrative - All employees	14.78	13.70	9.44	7.38	10.02	9.46
Percent sales - All employees	11.84	10.16	5.91	4.09	5.77	1.67
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES						
Sales per employee - All employees	$ 65,751	$ 72,740	$ 77,318	$ 79,356	$ 74,695	$ 89,033
Sales per factory employee	90,737	95,578	93,624	90,098	88,352	101,446
Sales less material per factory employee	56,356	60,400	53,446	57,188	46,918	52,137
Sales per administrative employee	576,427	724,969	1,066,352	1,382,867	815,871	879,459
EXCLUDING EXECUTIVES						
Sales per employee - All employees	74,098	80,184	83,105	84,238	80,437	96,029
Sales per factory employee	96,518	100,693	97,689	94,059	90,943	101,871
Sales less material per factory employee	60,002	63,699	55,897	59,623	48,295	52,416
SALES PER SALESMAN	554,711	697,283	2,374,666	4,227,981	426,945	0
SALES TO CURRENT ASSETS	428%	395%	381%	359%	480%	460%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES						
Total payroll percentage of sales	40.10%	36.58%	35.84%	33.16%	35.12%	28.20%
Factory payroll percentage of gross plant investment	77.29	77.60	65.15	52.10	63.83	87.01
Payroll per employee - All employees	$ 25,396	$ 25,251	$ 26,370	$ 25,915	$ 22,359	$ 20,679
Payroll per factory employee	23,076	22,510	24,717	23,586	20,692	17,132
Payroll per administrative employee	29,578	32,171	34,898	48,298	31,734	45,767
Payroll per sales employee	35,919	37,957	41,661	47,871	27,414	15,704
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES						
Payroll per employee - All employees	$ 19,857	$ 19,504	$ 20,347	$ 19,008	$ 17,303	$ 14,021
Payroll per factory employee	19,125	18,601	19,981	18,602	17,164	13,760
Payroll per administrative employee	15,505	15,408	17,639	20,133	15,648	17,133
Payroll per sales employee	27,843	29,014	31,110	28,342	25,845	9,811
EXECUTIVE PAYROLL						
Payroll per executive - All executives	44,165	49,008	50,899	68,657	44,246	64,512
Payroll per factory executive	28,013	32,238	34,395	42,566	22,357	6,455
Payroll per administrative executive	50,293	57,913	70,461	106,258	46,371	64,624
Payroll per sales executive	37,646	42,903	49,858	82,237	17,672	7,932
RECEIVABLES						
Collection period	58.9	58.1	59.5	52.9	53.8	57.1
PROFIT						
Gross profit percentage of sales	23.98%	28.67%	18.39%	23.40%	18.39%	24.86%
Average gross profit per factory employee	$ 23,299	$ 28,434	$ 17,315	$ 21,625	$ 17,104	$ 25,106
Income before taxes percentage of sales	3.43%	11.87%	5.72%	12.62%	5.13%	14.82%
Average income before taxes per employee	$ 2,556	$ 8,621	$ 4,381	$ 9,925	$ 5,324	$ 14,109

** Sample insufficient for Profit Leaders.

FINANCIAL		DIRECT MAIL - CATALOG**	DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 28,905	$ 33,394	$ 84,490	$ 72,687	$133,545	$ 40,466	$ 42,711	$ 29,416
35,809	40,386	122,512	93,978	170,029	58,471	56,837	38,449
10,489	15,780	20,595	25,290	43,570	16,752	24,152	13,478
19,085	18,555	70,403	66,662	120,256	46,428	45,811	33,464
195.28%	296.06%	56.20%	128.63%	125.85%	311.15%	732.50%	168.31%
82.57%	84.77%	75.47%	81.80%	82.88%	74.16%	77.36%	79.35%
8.77	8.12	5.16	10.99	12.99	14.83	12.10	10.18
8.66	7.11	19.37	7.21	4.13	11.01	10.54	10.47
$ 57,674	$ 64,119	$ 163,515	$ 84,596	$110,635	$ 68,433	$ 65,503	$ 63,803
69,634	75,550	223,731	104,029	135,887	94,193	84,577	80,272
53,649	59,135	118,854	57,763	67,283	59,298	54,652	46,960
838,957	960,748	3,574,050	818,039	830,586	681,906	860,723	711,731
61,570	67,707	176,086	93,131	121,010	77,062	71,379	68,846
72,079	77,618	239,768	109,833	140,492	101,916	88,433	82,947
55,502	60,737	127,373	61,617	70,026	64,053	57,053	48,547
330,235	0	1,222,361	1,022,370	970,606	822,044	1,074,631	1,064,796
366%	321%	373%	379%	345%	350%	347%	381%
45.14%	42.87%	29.60%	36.26%	30.20%	39.28%	37.22%	36.25%
138.49	149.97	72.02	65.48	34.47	84.50	118.89	74.69
$ 26,118	$ 28,085	$ 47,724	$ 27,524	$ 30,239	$ 25,779	$ 23,899	$ 22,953
23,619	24,510	46,905	25,661	27,565	23,958	21,469	20,614
33,307	37,253	44,411	37,125	40,197	29,968	33,120	28,661
48,972	58,730	56,453	42,737	56,634	33,489	30,319	40,689
$ 20,098	$ 20,634	$ 39,037	$ 21,164	$ 22,668	$ 19,773	$ 18,182	$ 17,910
19,434	19,618	38,909	21,130	22,317	19,128	17,230	17,006
13,574	15,376	14,448	17,326	16,977	16,016	15,179	16,130
37,162	41,910	46,770	36,316	54,623	26,973	22,631	31,862
57,618	70,242	70,220	56,720	58,498	48,136	48,320	43,648
27,473	25,441	48,138	47,212	41,227	33,690	26,680	34,431
80,610	104,579	115,341	68,266	63,151	49,140	54,420	45,012
45,959	62,064	134,042	55,435	58,543	44,607	48,477	43,419
54.4	49.7	65.0	48.7	50.9	62.6	66.2	53.2
29.44%	33.46%	20.81%	20.62%	19.11%	25.37%	28.64%	22.13%
$ 22,467	$ 27,218	$ 51,943	$ 22,324	$ 27,520	$ 26,198	$ 25,315	$ 18,142
8.92%	13.24%	7.40%	6.54%	10.39%	6.01%	11.98%	4.99%
$ 5,914	$ 8,792	$ 12,048	$ 5,976	$ 11,224	$ 4,002	$ 7,627	$ 3,184

ALL PRINTERS BY PRODUCT SPECIALTY

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT						
Current Assets:						
Cash	$ 3.63	$ 6.68	$ 2.60	$ 6.58	$ 2.26	$ 5.03
Receivables	15.63	15.58	15.76	13.94	13.63	14.14
Inventories	5.99	5.12	7.74	6.53	4.66	3.80
Marketable securities	0.91	2.65	1.14	3.09	1.76	0.59
Other current assets	1.25	1.31	1.70	2.35	1.29	0.72
	27.41	31.34	28.94	32.49	23.60	24.28
Plant Investment:						
Land and building	5.49	5.44	8.75	10.26	12.77	9.74
Machinery and equipment	32.89	30.91	37.29	43.43	34.68	29.25
Other fixed assets	3.70	3.36	2.00	1.86	3.97	2.20
	42.08	39.71	48.04	55.55	51.42	41.19
Non-Current Assets	2.18	2.75	1.94	1.61	2.21	2.23
TOTAL INVESTMENT	71.67	73.80	78.92	89.65	77.23	67.70
INVESTMENT TURNOVER PER $100 OF SALES	139.53%	135.50%	126.71%	111.54%	129.48%	147.71%
EARNINGS						
Cost of Product	$76.02	$71.33	$81.61	$76.60	$81.61	$75.14
Selling Expenses	8.69	7.36	4.45	3.67	3.98	1.32
Administrative Expenses	10.52	9.53	6.91	6.08	8.79	8.23
	95.23	88.22	92.97	86.35	94.38	84.69
Income Before Interest, Other Income (Expense) and Taxes	4.77	11.78	7.03	13.65	5.62	15.31
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.66%	15.96%	8.91%	15.23%	7.28%	22.61%

** Sample insufficient for Profit Leaders.

FINANCIAL		DIRECT-MAIL CATALOG**	DIRECTORY		LABEL		PACKAGING*
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 1.37	$ 2.05	$ 0.03	$ 8.36	$15.62	$ 2.30	$ 1.57	$(0.81)
14.34	12.98	17.57	12.48	13.38	16.94	17.84	14.45
7.68	9.06	9.15	7.85	5.71	11.09	9.85	13.29
0.00	0.00	0.00	0.01	0.03	0.96	1.96	2.02
8.44	12.33	0.15	1.66	1.97	0.49	0.45	0.18
31.83	36.42	26.90	30.36	36.71	31.78	31.67	29.13
4.01	3.16	5.38	8.83	13.69	11.62	22.32	5.78
22.09	19.70	26.49	40.99	63.02	31.75	26.68	32.12
0.95	1.42	0.67	3.62	2.71	2.56	2.35	3.81
27.05	24.28	32.54	53.44	79.42	45.93	51.35	41.71
4.22	4.00	1.90	11.49	21.53	2.92	1.17	2.07
63.10	64.70	61.34	95.29	137.66	80.63	84.19	72.91
158.48%	154.56%	163.03%	104.94%	72.64%	124.02%	118.78%	137.16%
$70.56	$66.54	$79.19	$79.38	$80.89	$74.63	$71.36	$77.87
8.84	8.42	7.68	5.04	2.52	7.67	7.01	7.97
9.68	9.88	3.56	8.08	6.66	10.20	9.21	8.13
89.08	84.84	90.43	92.50	90.07	92.50	87.58	93.97
10.92	15.16	9.57	7.50	9.93	7.50	12.42	6.03
17.31%	23.43%	15.60%	7.87%	7.21%	9.30%	14.75%	8.27%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL PRINTING FIRMS	901	$ 3,607,000	$ 6,411,000	$ 364,000
TOTAL - PROFIT LEADERS*	184	5,754,000	9,658,000	1,118,000
ALL PRINTERS BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	720	2,699,000	4,943,000	244,000
Magazine and Periodical	52	13,436,000	22,522,000	1,698,000
Newspaper	15	4,094,000	7,190,000	393,000
Financial	6	4,921,000	9,910,000	1,054,000
Direct Mail - Catalog	2	17,298,000	31,839,000	2,386,000
Directory	5	9,058,000	9,683,000	716,000
Label	21	4,437,000	6,624,000	464,000
Packaging	7	2,604,000	5,711,000	314,000
Book	38	4,620,000	8,178,000	487,000
Business Forms Manufacturers	27	2,723,000	5,745,000	342,000
No Predominant Product	8	9,545,000	15,177,000	452,000
PROFIT LEADERS				
Commercial and Advertising	128	3,776,000	6,879,000	812,000
Magazine and Periodical	14	25,396,000	39,040,000	4,522,000
Newspaper	4	1,252,000	2,972,000	453,000
Financial	4	6,571,000	12,953,000	1,597,000
Directory	2	18,509,000	14,719,000	1,474,000
Label	7	5,219,000	7,842,000	863,000
Packaging	1	5,705,000	12,213,000	1,034,000
Book	12	6,315,000	10,163,000	1,105,000
Business Forms Manufacturers	11	2,511,000	5,300,000	557,000
No Predominant Product	1	5,777,000	9,408,000	950,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages. See Page 3 for explanatory note.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1984 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1985 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director
PIA Financial Services

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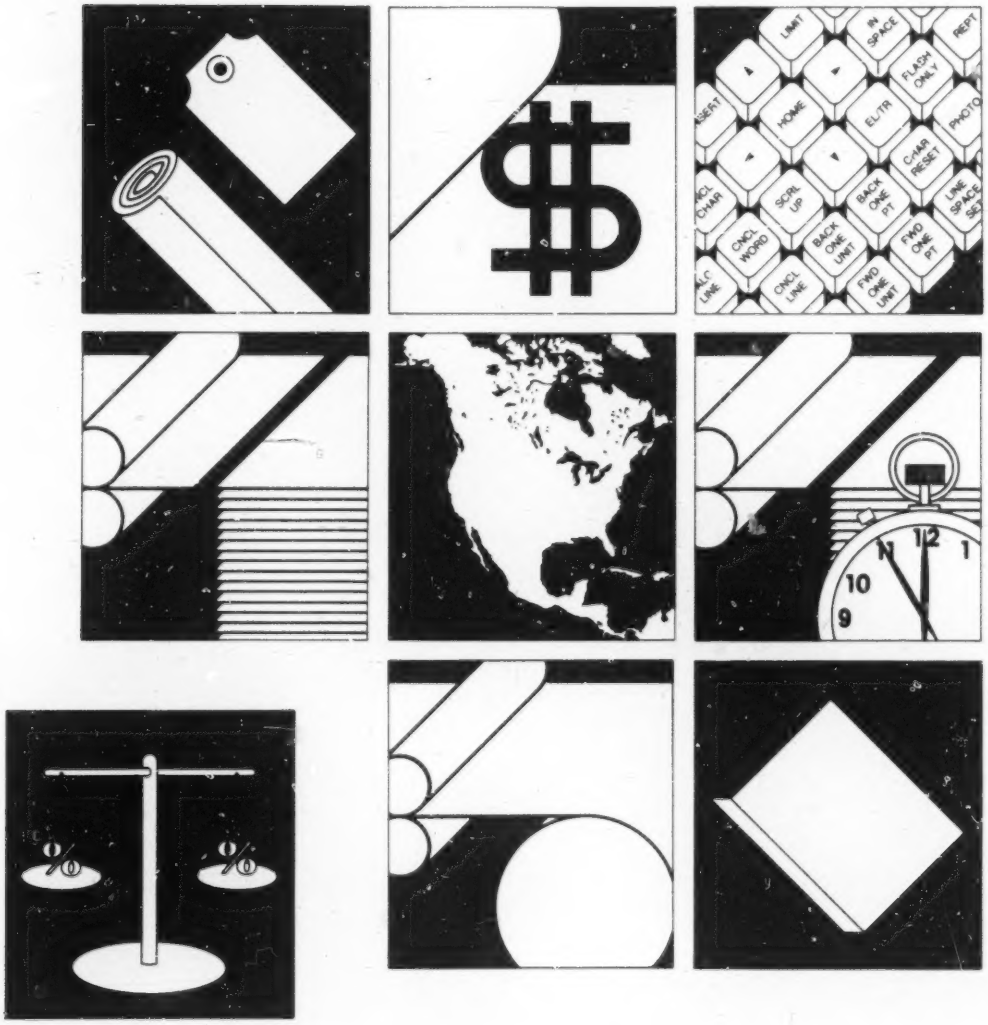
PTA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



Volume III

All Printers by Product Specialty

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

For further information, contact:

William A. Rose, II
Director, PIA Financial Services
1730 North Lynn Street
Arlington, Virginia 22209
703/841-4805

PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

Printing Industries of America, Inc.
Margaret A. Hogue, Director of Editorial Services
1730 North Lynn Street
Arlington, Virginia 22209
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FINANCIAL SERVICES

FINANCIAL RATIO STUDY PROGRAM

Volume III: All Printers by Product Specialty

An Annual Financial Survey Conducted By:
PIA Financial Services
1730 North Lynn Street
Arlington, VA 22209

Accounting Firm:

H. R. Margolis
Certified Public Accountants
New York and Philadelphia (Bala Cynwyd)

Data Processing:

RGS Enterprises, Inc.
1 Carlisle Drive
Arnold, MD 21012

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PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-4805

Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

We are pleased to be a part of PIA's 1985 Financial Ratio Study. This year, a total of 879 firms representing the printing industry in the United States and Canada participated in these studies by responding to PIA's questionnaire on financial performance. Among these respondents, 177 firms may be considered "Profit Leaders," earning eight percent or greater pretax profits on sales. Such widespread participation has made the annual PIA Ratio Studies the most comprehensive financial reports available on the health of the graphic arts industry.

This book presents the financial status of printing firms according to sales volume. Ratios and statistics from responding firms are presented in six categories: sales to $250,000, sales from $250,000 to $500,000, sales from $500,000 to $1,500,000, sales from $1,500,000, sales from $5,000,000 to $10,000,000, and sales over $10,000,00. Readers can compare the data from their own firm's financial statements with similar data from other firms having the same sales volume in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales Firm's Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%
B	500,000	100,000	20.0
C	8,000,000	975,000	12.2

62.2% divided by 3 = 20.7%

= PIA Factory Payroll Ratio

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less materials costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of presentation management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

ALL PRINTERS BY PRODUCT SPECIALTY

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	41.69	37.25	45.74	42.45	45.37	35.53
FACTORY EXPENSES	19.99	18.11	22.65	21.79	21.15	20.58
TOTAL FACTORY COST OF PRODUCT	61.68	55.36	68.39	64.24	66.52	56.11
GROSS PROFIT	38.32	44.64	31.61	35.76	33.48	43.89
ADMINISTRATIVE AND SELLING EXPENSES						
Administrative expenses	16.20	14.00	11.52	8.71	14.92	13.86
Selling expenses	13.83	11.50	8.45	6.14	8.43	3.00
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	30.03	25.50	19.97	14.85	23.35	16.86
INCOME BEFORE INTEREST EXPENSE	8.29	19.14	11.64	20.91	10.13	27.03
Interest expense	3.21	2.23	3.42	2.28	2.26	1.19
OPERATING INCOME	5.08	16.91	8.22	18.63	7.87	25.84
Other income	1.03	1.51	1.28	1.83	1.01	0.90
INCOME BEFORE INCOME TAXES	6.11	18.42	9.50	20.46	8.88	26.74

* See page 10 for the definition of "Profit Leaders".
** Sample insufficient for Profit Leaders.

FINANCIAL		DIRECT MAIL - CATALOG**	DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
42.91	42.65	48.98	44.85	40.59	42.17	39.19	45.45
16.52	16.02	23.18	20.35	22.12	19.46	17.37	20.46
59.43	58.67	72.16	65.20	62.71	61.63	56.56	65.91
40.57	41.33	27.84	34.80	37.29	38.37	43.44	34.09
15.76	12.17	6.98	12.02	10.93	16.31	13.31	11.73
15.45	14.58	9.74	7.38	5.87	9.43	11.02	13.63
31.21	26.75	16.72	19.40	16.80	25.74	24.33	25.36
9.36	14.58	11.12	15.40	20.49	12.63	19.11	8.73
2.36	2.34	1.07	3.60	4.13	3.16	2.53	2.61
7.00	12.24	10.05	11.80	16.36	9.47	16.58	6.12
1.31	1.49	0.76	3.21	5.40	0.57	2.21	1.12
8.31	13.73	10.81	15.01	21.76	10.04	18.79	7.24

ALL PRINTERS BY PRODUCT SPECIALTY

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL						
Salaries - executive	3.13%	2.87%	3.02%	2.42%	2.02%	1.60%
Direct wages	28.98	25.56	28.79	26.56	32.43	21.81
General factory salaries and wages	2.38	2.44	4.65	5.32	1.39	2.99
Packing, shipping and delivery wages	1.30	1.08	1.36	0.97	2.87	1.95
Payroll taxes	2.83	2.37	3.18	2.61	2.37	1.86
Employee benefits	3.07	2.93	4.74	4.57	4.29	5.32
TOTAL FACTORY PAYROLL	41.69	37.25	45.74	42.45	45.37	35.53
FACTORY EXPENSES						
Fixed Expenses						
Depreciation - real estate	.36	0.33	0.48	0.59	1.18	2.19
Depreciation - other	5.29	5.26	5.62	6.19	5.93	5.03
Taxes - real estate	0.31	0.33	0.42	0.41	0.33	0.45
Taxes - other	0.30	0.23	0.26	0.25	0.10	0.11
Insurance	0.84	0.70	0.43	0.38	0.72	0.90
Building rent	2.47	2.11	0.99	0.28	1.08	0.48
Utilities - heat, light, etc.	1.88	1.62	2.67	2.64	1.62	1.63
Equipment rental	0.94	0.63	1.26	0.50	0.48	0.53
Total Fixed Expenses	12.39	11.21	12.13	11.24	11.44	11.32
Other Expenses						
Factory supplies and expense	2.90	2.68	4.55	4.36	2.52	3.35
Packing, shipping and delivery expense	1.63	1.41	1.64	1.91	2.83	2.51
Repairs and maintenance	2.09	2.11	2.80	2.71	3.77	3.28
Other factory expenses	0.98	0.70	1.53	1.57	0.59	0.12
Total Other Expenses	7.60	6.90	10.52	10.55	9.71	9.26
TOTAL FACTORY EXPENSES	19.99	18.11	22.65	21.79	21.15	20.58
ADMINISTRATIVE EXPENSES						
Salaries - executive	4.99	4.33	2.56	2.25	5.12	5.85
Salaries - office	3.97	3.38	3.00	2.13	3.66	2.52
Payroll taxes	0.64	0.44	0.38	0.27	0.40	0.29
Employee benefits	0.87	0.80	0.73	0.71	0.57	0.61
Bad debts	0.79	0.72	1.06	0.61	0.92	0.33
Office supplies and expenses	0.77	0.68	0.47	0.41	0.77	0.50
Professional fees	0.90	0.78	0.78	0.59	1.10	0.92
Taxes - business	0.28	0.32	0.19	0.26	0.31	0.16
Telephone	0.83	0.65	0.50	0.31	0.79	1.06
Other administrative expenses	2.16	1.90	1.85	1.17	1.28	1.62
TOTAL ADMINISTRATIVE EXPENSES	16.20	14.00	11.52	8.71	14.92	13.86
SELLING EXPENSES						
Salaries - executive	2.21	1.84	0.98	1.25	0.89	0.87
Salaries and commissions - salesmen	6.42	5.35	3.48	1.93	3.93	0.66
Salaries - sales office clerical	1.06	0.79	1.00	0.65	0.15	0.16
Payroll taxes	0.51	0.38	0.33	0.16	0.17	0.04
Employee benefits	0.51	0.46	0.44	0.34	0.35	0.37
Advertising	0.70	0.57	0.38	0.13	0.43	0.32
Travel and entertainment	1.36	1.17	0.77	0.54	1.13	0.33
Other selling expenses	1.06	0.94	1.07	1.14	1.38	0.25
TOTAL SELLING EXPENSES	13.83	11.50	8.45	6.14	8.43	3.00

** Sample insufficient for Profit Leaders.

FINANCIAL		DIRECT MAIL - CATALOG**	DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
2.14%	1.34%	1.24%	4.43%	2.06%	2.90%	2.33%	2.68%
26.76	25.98	31.21	29.31	28.34	27.51	26.58	30.12
7.08	7.18	5.78	2.90	1.92	2.92	3.27	3.33
1.03	1.19	0.07	1.42	1.17	1.11	1.15	1.36
2.58	2.57	6.24	3.11	2.87	2.89	1.91	2.45
3.32	4.39	4.44	3.68	4.23	4.84	3.95	5.51
42.91	42.65	48.98	44.85	40.59	42.17	39.19	45.45
0.44	0.75	0.33	0.48	0.78	0.41	0.76	0.12
2.93	2.06	6.70	5.87	6.66	4.39	3.51	4.44
0.31	0.10	0.98	0.37	0.45	0.26	0.29	0.54
0.20	0.26	0.36	0.89	0.85	0.37	0.17	0.37
0.40	0.37	0.28	0.57	0.62	0.46	0.32	0.33
1.71	1.61	0.75	0.56	0.38	2.36	1.17	1.65
1.30	1.18	2.22	2.52	3.05	1.66	1.45	2.05
0.52	0.78	1.16	0.30	0.33	0.62	0.51	0.13
7.81	7.11	12.78	11.56	13.12	10.53	8.18	9.63
3.52	3.95	5.26	3.59	4.46	3.87	3.75	3.69
2.19	2.38	1.72	1.34	0.48	1.83	1.89	2.11
1.87	1.35	3.21	2.74	3.12	1.80	2.19	2.38
1.13	1.23	0.21	1.12	0.94	1.43	1.36	2.65
8.71	8.91	10.40	8.79	9.00	8.93	9.19	10.83
16.52	16.02	23.18	20.35	22.12	19.46	17.37	20.46
2.37	2.69	0.90	3.98	4.24	4.56	3.19	3.11
4.79	2.29	1.53	2.58	2.32	4.49	3.70	3.00
0.49	0.25	0.33	0.40	0.37	0.82	0.71	0.41
0.63	0.81	0.56	0.54	0.73	1.06	0.64	0.60
0.84	1.05	0.37	0.38	0.16	0.57	0.50	0.63
0.75	0.85	0.30	0.41	0.27	0.54	0.55	0.27
0.98	1.39	0.45	0.94	0.67	1.07	0.99	0.55
0.33	0.39	0.70	0.08	0.06	0.11	0.14	0.13
1.01	0.83	0.50	0.49	0.42	0.82	0.64	0.74
3.57	1.62	1.34	2.22	1.69	2.27	2.25	2.29
15.76	12.17	6.98	12.02	10.93	16.31	13.31	11.73
1.74	3.22	1.09	1.24	0.62	1.22	1.61	1.54
7.18	4.22	2.13	2.69	1.87	4.32	4.77	5.44
1.25	1.70	4.03	0.98	0.39	0.46	0.86	1.98
0.48	0.31	0.56	0.29	0.11	0.47	0.68	0.41
0.79	1.27	0.44	0.24	0.13	0.40	0.57	0.78
0.58	0.41	0.50	0.40	0.41	0.50	0.67	0.36
1.39	1.49	0.69	0.30	0.35	1.15	1.03	1.67
2.04	1.96	0.30	1.24	1.99	0.91	0.83	1.45
15.45	14.58	9.74	7.38	5.87	9.43	11.02	13.63

ALL PRINTERS BY PRODUCT SPECIALTY

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT						
MATERIALS						
Paper	22.40	22.60	28.41	27.06	35.19	41.95
Other chargeable materials	5.17	5.27	6.76	7.60	5.72	4.46
Outside services	9.26	8.27	4.54	4.55	2.55	2.47
TOTAL MATERIALS	36.83	36.14	39.71	39.21	43.46	48.88
FACTORY PAYROLL	26.34	23.78	27.43	25.74	25.61	18.90
FACTORY EXPENSES	12.61	11.52	13.52	13.18	11.78	10.60
TOTAL FACTORY COST OF PRODUCT	75.78	71.44	80.66	78.13	80.85	78.38
GROSS PROFIT	24.22	28.56	19.34	21.87	19.15	21.62
ADMINISTRATIVE AND SELLING EXPENSES						
Administrative expenses	10.35	9.08	7.03	5.28	8.83	6.75
Selling expenses	8.66	7.44	5.25	3.74	5.11	1.68
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	19.01	16.52	12.28	9.02	13.94	8.43
INCOME BEFORE INTEREST EXPENSE	5.21	12.04	7.06	12.85	5.21	13.19
Interest expense	1.99	1.41	2.03	1.34	1.23	0.62
OPERATING INCOME	3.22	10.63	5.03	11.51	3.98	12.57
Other income	0.62	0.91	0.73	1.02	0.58	0.58
INCOME BEFORE INCOME TAXES	3.84	11.54	5.76	12.53	4.56	13.15

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS						
Ink	1.53%	1.70%	3.54%	4.39%	2.62%	1.81%
Film	1.16	0.97	0.98	0.69	1.02	0.95
Plates	1.20	1.08	1.26	1.54	0.98	0.92
Other chargeable materials	1.28	1.52	0.98	0.98	1.10	0.78
TOTAL OTHER CHARGEABLE MATERIALS	5.17	5.27	6.76	7.60	5.72	4.46
OUTSIDE SERVICES						
Composition	0.91	0.59	0.14	0.03	0.29	0.77
Offset preparation	1.48	1.53	0.96	0.70	0.37	0.23
Printing	2.48	1.90	1.10	1.91	1.00	0.89
Binding	2.16	1.79	1.30	0.79	0.52	0.33
Other outside services	2.23	2.46	1.04	1.12	0.37	0.25
TOTAL OUTSIDE SERVICES	9.26	8.27	4.54	4.55	2.55	2.47

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

FINANCIAL		DIRECT MAIL - CATALOG**	DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
12.04	13.78	36.84	31.67	32.26	22.67	25.94	29.56
1.69	1.84	7.03	5.03	4.72	7.93	4.03	3.50
13.90	6.25	5.47	4.13	6.26	3.42	2.10	7.37
27.63	21.87	49.34	40.83	43.24	34.02	32.07	40.43
31.46	33.38	23.72	27.10	23.98	27.83	26.91	26.91
11.82	12.33	11.82	11.99	12.56	12.45	11.50	12.25
70.91	67.58	84.88	79.92	79.78	74.30	70.48	79.59
29.09	32.42	15.12	20.08	20.22	25.70	29.52	20.41
10.85	9.46	3.91	7.13	6.00	11.15	9.38	7.07
11.20	11.62	5.68	4.54	3.24	6.28	7.32	8.19
22.05	21.08	9.59	11.67	9.24	17.43	16.70	15.26
7.04	11.34	5.53	8.41	10.98	8.27	12.82	5.15
1.77	1.85	0.67	1.92	1.98	1.95	1.62	1.56
5.27	9.49	4.86	6.49	9.00	6.32	11.20	3.59
0.91	1.14	0.39	1.87	2.99	0.50	1.54	0.69
6.18	10.63	5.25	8.36	11.99	6.82	12.74	4.28
0.54%	0.71%	3.20%	1.66%	1.69%	2.91%	2.01%	2.20%
0.57	0.37	0.31	0.75	0.54	0.71	0.38	0.00
0.29	0.21	0.51	1.74	1.64	0.98	0.59	0.54
0.29	0.55	3.01	0.88	0.85	3.33	1.05	0.76
1.69	1.84	7.03	5.03	4.72	7.93	4.03	3.50
1.07	0.27	0.17	0.21	0.00	0.45	0.19	0.09
0.51	0.00	0.11	2.09	3.76	0.47	0.45	0.71
1.18	2.72	2.28	1.46	2.50	1.55	1.15	0.82
1.37	0.93	0.29	0.37	0.00	0.24	0.16	0.09
9.77	2.33	2.62	0.00	0.00	0.71	0.15	5.66
13.90	6.25	5.47	4.13	6.26	3.42	2.10	7.37

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL						
Salaries - executive	1.99%	1.87%	1.81%	1.50%	1.14%	0.80%
Direct wages	18.34	16.27	17.34	16.16	18.43	11.56
General factory salaries and wages	1.48	1.58	2.70	3.13	0.72	1.49
Packing, shipping and delivery wages	0.81	0.68	0.81	0.58	1.63	1.09
Payroll taxes	1.79	1.52	1.94	1.63	1.30	0.97
Employee benefits	1.93	1.86	2.83	2.74	2.39	2.99
TOTAL FACTORY PAYROLL	26.34	23.78	27.43	25.74	25.61	18.90
FACTORY EXPENSES						
Fixed Expenses						
Depreciation - real estate	0.23	0.22	0.30	0.36	0.63	1.11
Depreciation - other	3.32	3.35	3.39	3.78	3.43	2.80
Taxes - real estate	0.19	0.21	0.25	0.24	0.18	0.23
Taxes - other	0.19	0.15	0.16	0.16	0.05	0.06
Insurance	0.54	0.46	0.27	0.23	0.40	0.42
Building rent	1.58	1.38	0.61	0.19	0.59	0.21
Utilities - heat, light, etc.	1.18	1.01	1.59	1.61	0.88	0.82
Equipment rental	0.61	0.39	0.75	0.29	0.25	0.24
Total Fixed Expenses	7.84	7.17	7.32	6.86	6.41	5.89
Other Expenses						
Factory supplies and expense	1.83	1.69	2.72	2.65	1.33	1.71
Packing, shipping and delivery expense	1.00	0.88	0.95	1.18	1.66	1.23
Repairs and maintenance	1.31	1.34	1.62	1.54	2.05	1.70
Other factory expenses	0.63	0.44	0.91	0.95	0.33	0.07
Total Other Expenses	4.77	4.35	6.20	6.32	5.37	4.71
TOTAL FACTORY EXPENSES	12.61	11.52	13.52	13.18	11.78	10.60
ADMINISTRATIVE EXPENSES						
Salaries - executive	3.22	2.83	1.59	1.42	3.10	2.74
Salaries - office	2.54	2.20	1.85	1.27	2.22	1.21
Payroll taxes	0.41	0.28	0.23	0.16	0.25	0.14
Employee benefits	0.56	0.52	0.45	0.45	0.32	0.36
Bad debts	0.49	0.46	0.59	0.34	0.51	0.15
Office supplies and expenses	0.49	0.44	0.28	0.24	0.46	0.26
Professional fees	0.57	0.50	0.47	0.34	0.61	0.42
Taxes - business	0.18	0.20	0.12	0.17	0.19	0.10
Telephone	0.52	0.42	0.31	0.19	0.46	0.59
Other administrative expenses	1.37	1.23	1.14	0.70	0.71	0.78
TOTAL ADMINISTRATIVE EXPENSES	10.35	9.08	7.03	5.28	8.83	6.75
SELLING EXPENSES						
Salaries - executive	1.38	1.20	0.58	0.76	0.54	0.54
Salaries and commissions - salesmen	4.01	3.44	2.19	1.17	2.36	0.30
Salaries - sales office clerical	0.67	0.52	0.60	0.38	0.08	0.10
Payroll taxes	0.32	0.25	0.20	0.10	0.10	0.02
Employee benefits	0.32	0.30	0.27	0.21	0.22	0.23
Advertising	0.45	0.37	0.24	0.07	0.26	0.16
Travel and entertainment	0.85	0.76	0.48	0.33	0.68	0.17
Other selling expenses	0.66	0.60	0.69	0.72	0.87	0.16
TOTAL SELLING EXPENSES	8.66	7.44	5.25	3.74	5.11	1.68

** Sample insufficient for Profit Leaders.

FINANCIAL		DIRECT MAIL - CATALOG**	DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
1.58%	1.05%	0.74%	2.89%	1.34%	1.81%	1.48%	1.64%
19.41	20.33	15.02	17.74	17.08	18.24	18.29	17.71
5.28	5.51	2.93	1.73	0.98	2.01	2.40	2.01
0.78	0.95	0.03	0.84	0.65	0.73	0.78	0.81
1.89	2.05	2.72	1.85	1.67	1.89	1.30	1.48
2.52	3.49	2.28	2.05	2.26	3.15	2.66	3.26
31.46	33.38	23.72	27.10	23.98	27.83	26.91	26.91
0.36	0.62	0.12	0.26	0.43	0.25	0.48	0.08
2.04	1.59	3.12	3.43	3.72	2.79	2.26	2.65
0.23	0.08	0.46	0.20	0.26	0.15	0.19	0.32
0.16	0.21	0.23	0.52	0.47	0.26	0.12	0.23
0.28	0.29	0.14	0.39	0.42	0.31	0.22	0.20
1.17	1.16	0.47	0.36	0.25	1.63	0.83	0.97
0.95	0.92	1.20	1.46	1.78	1.06	0.95	1.23
0.41	0.63	0.73	0.16	0.16	0.45	0.39	0.08
5.60	5.50	6.47	6.78	7.49	6.90	5.44	5.76
2.55	2.99	2.70	2.02	2.40	2.35	2.43	2.19
1.55	1.89	1.09	0.77	0.29	1.09	1.20	1.27
1.31	1.00	1.59	1.73	1.88	1.15	1.43	1.44
0.81	0.95	(0.03)	0.69	0.50	0.96	1.00	1.59
6.22	6.83	5.35	5.21	5.07	5.55	6.06	6.49
11.82	12.33	11.82	11.99	12.56	12.45	11.50	12.25
1.76	2.09	0.52	2.42	2.44	3.20	2.24	1.87
3.08	1.77	0.75	1.49	1.22	3.02	2.72	1.82
0.32	0.19	0.15	0.23	0.21	0.56	0.49	0.25
0.47	0.64	0.34	0.28	0.36	0.73	0.45	0.35
0.62	0.82	0.16	0.23	0.09	0.38	0.33	0.36
0.55	0.65	0.18	0.25	0.13	0.36	0.39	0.16
0.72	1.07	0.26	0.56	0.42	0.77	0.70	0.34
0.25	0.31	0.44	0.05	0.04	0.07	0.09	0.08
0.71	0.65	0.31	0.30	0.26	0.54	0.45	0.45
2.37	1.27	0.80	1.32	0.83	1.52	1.52	1.39
10.85	9.46	3.91	7.13	6.00	11.15	9.38	7.07
1.38	2.58	0.67	0.77	0.33	0.81	1.02	0.88
4.99	3.30	1.22	1.69	1.11	2.90	3.17	3.29
0.99	1.39	2.44	0.63	0.18	0.29	0.56	1.18
0.34	0.26	0.30	0.18	0.06	0.31	0.45	0.25
0.63	1.05	0.26	0.15	0.07	0.27	0.38	0.46
0.42	0.32	0.26	0.25	0.22	0.36	0.49	0.23
0.99	1.13	0.41	0.19	0.23	0.77	0.70	1.04
1.46	1.59	0.12	0.68	1.04	0.57	0.55	0.86
11.20	11.62	5.68	4.54	3.24	6.28	7.32	8.19

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS						
CURRENT ASSETS						
Cash	6.30%	10.92%	2.58%	6.03%	3.46%	4.50%
Receivables	33.89	30.65	28.20	22.52	29.88	33.38
Inventories	11.88	9.75	16.12	11.78	14.43	10.17
Other current assets	3.67	4.82	4.73	9.67	5.50	0.70
TOTAL CURRENT ASSETS	55.74	56.14	51.63	50.00	52.27	48.75
FIXED ASSETS						
Real estate	8.67	7.80	13.38	14.35	16.00	18.64
Less: Accumulated depreciation	2.73	2.22	3.78	3.53	3.87	4.83
	5.94	5.58	9.60	10.82	12.13	13.81
Machinery and equipment	67.86	61.23	67.88	68.19	58.18	64.81
Less: Accumulated depreciation	37.48	30.91	34.57	32.20	31.46	38.24
	30.38	30.32	33.31	35.99	26.72	26.57
Other fixed assets	7.91	7.40	3.72	1.73	3.91	2.22
Less: Accumulated depreciation	4.19	3.64	1.97	0.98	1.93	0.87
	3.72	3.76	1.75	0.75	1.98	1.35
NET FIXED ASSETS	40.04	39.66	44.66	47.56	40.83	41.73
OTHER ASSETS	4.22	4.20	3.71	2.44	6.90	9.52
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Notes payable	9.85	5.63	7.95	4.26	8.16	0.66
Accounts payable	14.62	11.20	13.68	8.56	20.97	43.46
Other current liabilities	9.17	9.75	8.25	7.85	5.96	5.30
TOTAL CURRENT LIABILITIES	33.64	26.58	29.88	20.67	35.09	49.42
LONG-TERM LIABILITIES	30.41	24.05	28.63	25.93	16.80	4.59
TOTAL LIABILITIES	64.05	50.63	58.51	46.60	51.89	54.01
SHAREHOLDERS' AND PROPRIETORS' EQUITY	35.95	49.37	41.49	53.40	48.11	45.99
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.66	2.11	1.73	2.42	1.49	0.99
QUICK RATIO	1.30	1.75	1.19	1.85	1.08	0.78
TOTAL LIABILITIES TO EQUITY	1.78	1.03	1.41	0.87	1.08	1.17
LONG-TERM LIABILITIES TO EQUITY	0.85	0.49	0.69	0.49	0.35	0.10
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.55	0.50	0.51	0.47	0.54	0.59

** Sample insufficient for Profit Leaders.

FINANCIAL		DIRECT MAIL - CATALOG**	DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
1.04%	1.89%	3.62%	10.90%	14.98%	6.31%	11.63%	2.09%
31.98	35.17	41.28	22.50	21.20	29.63	24.17	25.86
11.67	14.84	18.27	12.02	6.25	17.57	14.53	26.44
15.36	8.59	1.64	2.04	2.08	1.01	1.36	2.07
60.05	60.49	64.81	47.46	44.51	54.52	51.69	56.46
8.37	7.85	8.47	20.53	19.13	14.05	25.24	17.15
1.98	2.48	4.12	3.71	3.94	3.86	5.26	4.16
6.39	5.37	4.35	16.82	15.19	10.19	19.98	12.99
56.78	49.61	67.66	60.65	66.50	58.19	40.93	64.72
32.67	27.16	39.61	33.01	33.72	32.02	20.26	41.46
24.11	22.45	28.05	27.64	32.78	26.17	20.67	23.26
5.49	3.50	4.05	5.10	1.97	4.63	4.47	10.27
3.16	1.75	1.95	3.43	1.07	1.84	2.05	4.35
2.33	1.75	2.10	1.67	0.90	2.79	2.42	5.92
32.83	29.57	34.50	46.13	48.87	39.15	43.07	42.17
7.12	9.94	0.69	6.41	6.62	6.33	5.24	1.37
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
12.55	9.64	7.93	5.14	1.57	4.90	2.70	8.37
11.79	11.32	18.59	9.99	11.04	10.91	10.52	8.61
12.92	18.86	7.01	9.94	5.53	8.96	8.39	9.82
37.26	39.82	33.53	25.07	18.14	24.77	21.61	26.80
30.16	21.21	47.43	27.32	29.75	27.16	17.97	19.82
67.42	61.03	80.96	52.39	47.89	51.93	39.58	46.62
32.58	38.97	19.04	47.61	52.11	48.07	60.42	53.38
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.61	1.52	1.93	1.89	2.45	2.20	2.39	2.11
1.30	1.15	1.39	1.41	2.11	1.49	1.72	1.12
2.07	1.57	4.25	1.10	0.92	1.08	0.66	0.87
0.93	0.54	2.49	0.57	0.57	0.57	0.30	0.37
0.58	0.55	0.59	0.54	0.51	0.55	0.49	0.64

FINANCIAL		DIRECT MAIL - CATALOG**	DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 32,270	$ 40,998	$ 74,910	$ 87,264	$ 134,706	$ 43,628	$ 49,989	$ 36,604
43,207	52,060	89,551	113,391	170,958	62,359	69,554	47,487
10,248	17,213	10,894	29,970	42,693	19,725	28,475	18,843
26,658	28,568	72,074	93,779	140,513	47,511	51,862	42,246
98.61%	147.68%	69.22%	114.13%	129.74%	173.89%	243.62%	127.65%
75.80%	81.80%	83.01%	81.85%	84.49%	74.90%	75.20%	80.60%
13.08	9.50	5.31	10.52	11.15	16.15	14.21	9.19
11.12	8.70	11.68	7.63	4.36	8.95	10.59	10.21
$ 63,461	$ 71,470	$ 134,067	$ 93,551	$ 112,639	$ 72,724	$ 68,744	$ 66,506
84,584	87,655	160,890	114,545	135,793	98,784	92,042	82,450
61,374	69,598	80,838	63,091	70,420	63,517	61,177	48,962
633,382	821,871	3,328,125	999,311	1,137,307	786,708	717,655	838,202
68,009	77,027	139,343	102,211	120,377	81,152	75,280	71,440
87,609	90,662	165,942	121,062	139,336	106,961	97,107	86,065
63,668	72,011	83,951	67,137	72,657	68,502	64,286	51,185
611,244	1,169,389	4,808,255	604,402	719,444	926,764	947,771	1,153,669
392%	305%	299%	363%	352%	367%	293%	351%
45.43%	46.64%	30.37%	34.95%	29.95%	39.91%	38.40%	37.26%
101.68	105.44	59.55	52.13	37.59	85.31	82.31	57.54
$ 29,128	$ 34,181	$ 39,393	$ 28,893	$ 29,744	$ 27,601	$ 24,615	$ 24,689
25,967	29,674	38,062	27,345	27,474	25,855	22,431	22,166
29,572	36,624	45,052	37,133	38,493	32,959	29,495	30,566
51,532	70,014	45,161	38,309	43,782	35,478	34,918	45,003
$ 23,412	$ 25,960	$ 30,451	$ 22,060	$ 22,334	$ 20,629	$ 18,877	$ 18,999
21,747	24,269	29,812	22,020	21,964	20,345	18,344	17,685
15,794	16,840	25,756	18,141	17,966	16,712	14,458	18,028
45,058	60,134	36,425	29,419	33,794	29,138	25,002	36,249
41,162	60,191	63,402	53,667	63,580	47,548	45,624	43,318
23,271	23,724	44,731	41,943	45,640	29,464	37,240	34,875
54,146	86,668	103,083	65,699	65,589	54,051	53,057	45,246
41,066	62,217	64,291	52,698	66,738	26,779	44,668	50,837
62.1	76.3	79.7	50.7	51.7	61.2	64.9	50.6
29.09%	32.42%	15.12%	20.08%	20.22%	25.70%	29.52%	20.41%
$ 26,429	$ 30,402	$ 25,032	$ 24,190	$ 28,288	$ 27,246	$ 29,383	$ 17,559
6.18%	10.63%	5.25%	8.36%	11.99%	6.82%	12.74%	4.28%
$ 4,264	$ 7,532	$ 6,943	$ 8,416	$ 13,146	$ 4,636	$ 8,498	$ 2,943

ALL PRINTERS BY PRODUCT SPECIALTY

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT						
Current Assets:						
Cash	$ 3.32	$ 5.99	$ 1.89	$ 4.12	$ 1.24	$ 1.13
Receivables	15.47	15.70	15.48	14.37	14.10	12.21
Inventories	5.63	5.21	8.37	7.47	6.92	4.25
Marketable securities	0.81	2.16	1.65	4.20	0.92	0.00
Other current assets	1.17	0.99	1.49	2.70	1.09	0.23
	26.40	30.05	28.88	32.86	24.27	17.82
Plant Investment:						
Land and building	5.23	4.92	7.97	9.18	8.24	9.92
Machinery and equipment	32.08	32.34	38.77	44.40	28.23	27.46
Other fixed assets	3.64	3.58	2.02	1.06	2.01	0.94
	40.95	40.84	48.76	54.64	38.48	38.32
Non-Current Assets	2.25	2.81	2.42	1.74	3.95	4.86
TOTAL INVESTMENT	69.60	73.70	80.06	89.24	66.70	61.00
INVESTMENT TURNOVER PER $100 OF SALES	143.68%	135.69%	124.91%	112.06%	149.93%	163.93%
EARNINGS						
Cost of Product	$75.78	$71.44	$80.66	$78.13	$80.85	$78.38
Selling Expenses	8.66	7.44	5.25	3.74	5.11	1.68
Administrative Expenses	10.35	9.08	7.03	5.28	8.83	6.75
	94.79	87.96	92.94	87.15	94.79	86.81
Income Before Interest, Other Income, and Taxes	5.21	12.04	7.06	12.85	5.21	13.19
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.49%	16.34%	8.82%	14.40%	7.81%	21.62%

** Sample insufficient for Profit Leaders.

FINANCIAL		DIRECT-MAIL CATALOG**	DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 0.57	$ 1.09	$ 2.06	$ 9.20	$ 14.47	$ 4.36	$ 9.20	$ 1.02
16.12	19.80	21.69	13.38	13.99	16.51	17.53	13.54
5.84	8.25	9.41	7.36	5.06	9.68	10.71	15.42
1.33	0.38	0.00	0.01	0.02	0.16	0.40	0.40
6.40	4.77	0.68	1.59	2.09	0.40	0.41	0.79
30.26	34.29	33.84	31.54	35.63	31.11	38.25	31.17
4.07	4.69	5.66	15.97	18.32	10.54	21.59	10.67
25.45	26.41	36.06	48.23	66.03	31.63	29.87	34.00
2.02	2.09	1.66	3.62	2.05	2.42	2.75	4.50
31.54	33.19	43.38	67.82	86.40	44.59	54.21	49.17
3.82	5.62	0.28	7.80	10.88	4.19	2.56	0.75
65.62	73.10	77.50	107.16	132.91	79.89	95.02	81.09
152.39%	136.80%	129.03%	93.32%	75.24%	125.17%	105.24%	123.32%
$70.91	$67.58	$84.88	$79.92	$ 79.78	$74.30	$70.48	$79.59
11.20	11.62	5.68	4.54	3.24	6.28	7.32	8.19
10.85	9.46	3.91	7.13	6.00	11.15	9.38	7.07
92.96	88.66	94.47	91.59	89.02	91.73	87.18	94.85
7.04	11.34	5.53	8.41	10.98	8.27	12.82	5.15
10.73%	15.51%	7.14%	7.85%	8.26%	10.35%	13.49%	6.35%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL PRINTING FIRMS	879	$ 3,963,000	$ 6,990,000	$ 410,000
TOTAL - PROFIT LEADERS*	177	6,520,000	10,819,000	1,285,000
ALL PRINTERS BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	702	2,798,000	5,199,000	272,000
Magazine and Periodical	44	18,435,000	29,598,000	2,406,000
Newspaper	16	2,801,000	5,803,000	313,000
Financial	6	5,759,000	10,212,000	972,000
Direct Mail - Catalog	2	30,975,000	49,535,000	2,445,000
Directory	6	10,599,000	9,448,000	962,000
Label	20	4,940,000	7,370,000	519,000
Packaging	5	4,311,000	7,567,000	312,000
Book	35	4,871,000	8,712,000	418,000
Business Forms Manufacturers	29	3,767,000	7,993,000	413,000
No Predominant Product	14	7,371,000	11,457,000	288,000
PROFIT LEADERS				
Commercial and Advertising	13	4,014,000	7,036,000	850,000
Magazine and Periodical	14	30,912,000	52,154,000	6,074,000
Newspaper	3	1,612,000	3,911,000	517,000
Financial	3	10,104,000	17,292,000	1,915,000
Directory	3	18,867,000	14,099,000	1,644,000
Label	8	5,448,000	7,320,000	828,000
Book	3	9,133,000	14,486,000	1,750,000
Business Forms Manufacturers	5	2,432,000	4,499,000	461,000
No Predominant Product	6	2,766,000	4,270,000	631,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages. See page 3 for explanatory note.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services

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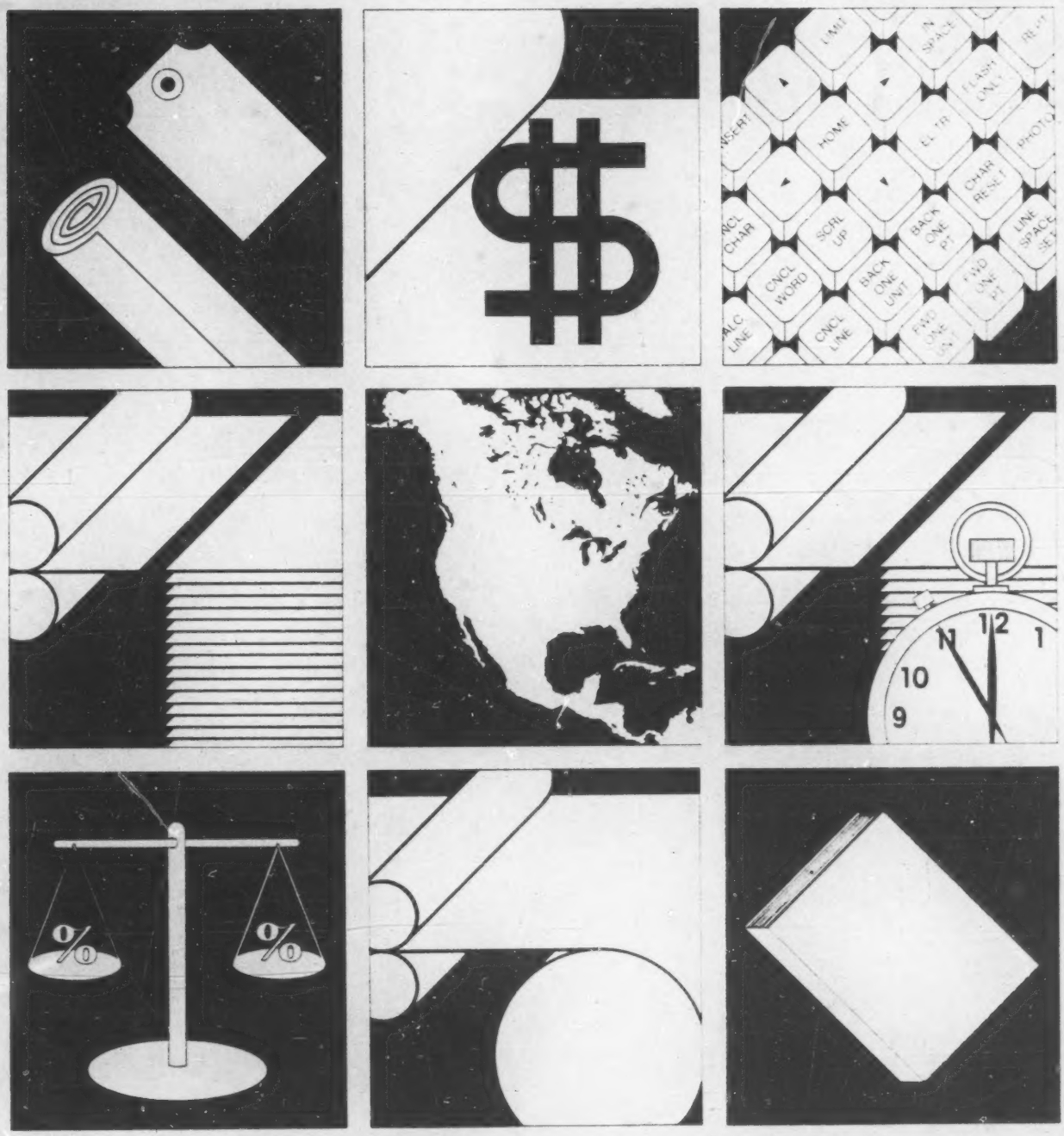
Printing Industries of America, Inc.

1984 Financial Ratios



Volume IV
All Printers by Geographic Area

ABOUT PIA . . .

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 11,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Management Services Department is active in financial management offering numerous publications, conferences, and seminars:

- Best & Worst Markets for Printers in the 1980s - a unique marketing and financial planning aid, available by subscription
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981-82 Production Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation
- 1984 Executive Compensation Report
- Costing, Estimating, and Pricing Systems Conferences
- Managing your Printing Business Conferences

For information on any of the above contact the Management Services Department:

Printing Industries of America, Inc.
Management Services Department
1730 North Lynn Street
Arlington, Virginia 22209
(703) 841-8194

In addition, PIA Financial Services offers the following publications and seminars:

- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly newsletter
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management Seminars
- Seminars on financial applications for microcomputers

For further information, contact:

William A. Rose, II
Director of Financial Services
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1730 North Lynn Street
Arlington, Virginia 22209
703/841-8145

61ST annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1984 FINANCIAL RATIOS

ALL PRINTERS BY GEOGRAPHIC REGION

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PRINTING INDUSTRIES OF AMERICA, INC.

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Printed in U.S.A.

PRINTING INDUSTRIES OF AMERICA, INC.
1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

Dear Colleague:

1984 is the 61st year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the U.S. and Canadian graphic arts industries. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the U.S. and Canadian printing industry, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to William A. Rose, II, Director of Financial Services, Printing Industries of America, Inc., 1730 North Lynn Street, Arlington, VA 22209 (703) 841-8145.

Jim Olsen
Vice-President, Management Services
Printing Industries of America, Inc.

Dear Member of the Graphic Arts Community:

We are pleased to be a part of PIA's 1984 Financial Ratio Study. This year, a total of 901 firms representing the printing industry in the United States and Canada participated in these studies by responding to PIA's questionnaire on financial performance. Such widespread participation has made the annual PIA Ratio Studies the most comprehensive financial reports available on the health of the graphic arts industry.

This book presents the financial status of printing firms according to geographic area — for example, New England and Up-State New York, Metropolitan New York and New Jersey, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms located in the same geographic area in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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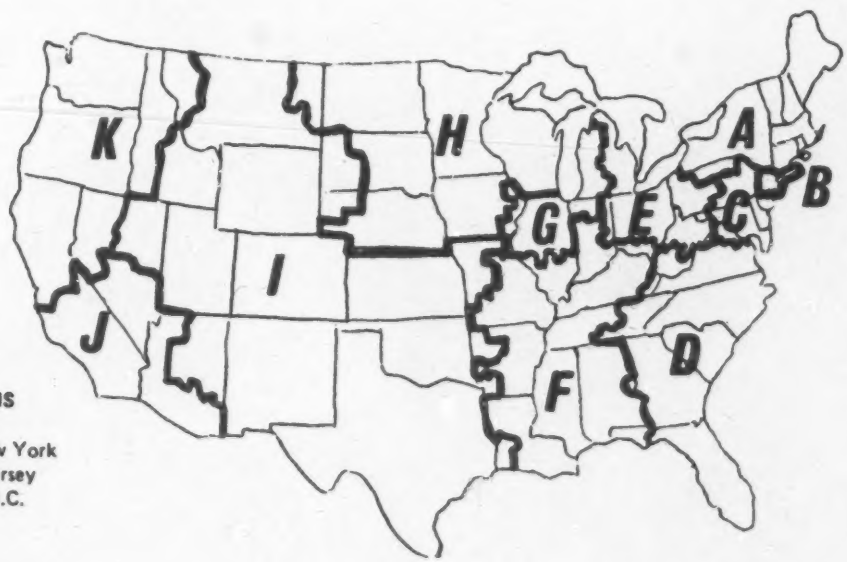

CONSOLIDATED REGIONS

A. New England and Up-state New York
B. Metropolitan New York and Jersey
C. Eastern Penn., Maryland and D.C.
D. Southeast Atlantic
E. East North Central
F. South Central
G. Chicago Area
H. West North Central
I. Plains and Mountain States
J. Pacific Southwest
K. Pacific Northwest

VALUE ADDED DEFINED

Value added is simply your sales less material costs, which include paper, other chargeable materials and outside services. Value added is, therefore, that component of a sale attributable to your own manufacture. It is calculated as follows:

Sales		$100.00
Less Materials:		
Paper	$ 23.03	
Other chargeable materials	5.38	
Outside services	8.03	36.44
Value Added		$ 63.56

Other chargeable materials include ink, film, plates, etc., but not general supplies, such as repair or maintenance parts. Outside services are purchases of job-related services -- composition, offset preparation, printing, bindery, etc.

KNOWN BY OTHER TERMS

Value added is also known by such other terms as inside sales, conversion value, inside manufacturing value and real contribution to overhead and profit. Whatever the term, the concept of value added is of prime importance to the profitability of your operations.

CONCEPTUAL UNDERSTANDING OF VALUE ADDED

Once you observe that value added is the residual of sales less material costs, you realize that this value provided by your own manufacture is all you have available to pay your remaining expenses. These are:

- Factory labor
- Other factory expenses
- Administrative expenses
- Selling expenses
- Interest

Then, what is left is a profit. This is different from the basic "cost sheet concept" that we are accustomed to in the printing industry.

Since, generally, within a relevant range of operations, these expenses behave as fixed costs, the "overhead" represented by these expenses will remain practically constant. Therefore, you want to maximize your value added.

Let us illustrate this with the following example, in which we are increasing the value added derived from $1,000,000 of sales from $635,600 to $675,000 to see the effect on operating income. We will assume that "overhead" (factory labor; other factory, administrative, selling and interest expenses) will remain the same.

The assumption that these expenses will not increase is being taken with some license; actually they would increase, but very little. We are taking this liberty to prove the point that, within this relevant range, these expenses behave in a fixed manner. This helps to understand the effect of value added on profit.

	Original	After Increase in Value Added
SALES	$1,000,000	
Material Costs	364,400	
VALUE ADDED	635,600	$675,000
"Overhead"	591,000	591,000
Operating Income	$ 44,600	$ 84,000

STATEMENT OF OPERATIONS -- VALUE ADDED: THE BETTER STATEMENT

By eliminating the distortion that material costs introduce into the conventional operating statement, value added gives you a truer picture of your operations.

For example, if we were comparing the statement of operations of a short-run, sheet-fed company with that of a web-offset firm, and our comparison was related to percentages based on sales, we could have significant differences in ratios. The reason: the significant differences in material costs. It would appear that the web-offset operation had a lower factory labor cost because a substantial amount of the sale was materials. But, in truth, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

Almost every company's product mix is different and, by using statements of operations based on value added, this product mix difference is eliminated. In conclusion, the Statement of Operations -- Value Added is a better statement with which to evaluate your operations.

ALL PRINTERS BY GEOGRAPHIC REGION

REPORT ON OPERATIONS - VALUE ADDED = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA. MARYLAND AND D.C.
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	43.65	37.26	44.25
FACTORY EXPENSES	20.93	20.73	19.74
TOTAL FACTORY COST OF PRODUCT	64.58	57.99	63.99
GROSS PROFIT	35.42	42.01	36.01
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	15.62	16.89	15.34
Selling expenses	12.19	13.34	11.80
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	27.81	30.23	27.14
INCOME BEFORE INTEREST EXPENSE	7.61	11.78	8.87
Interest expense	3.25	3.59	2.57
OPERATING INCOME	4.36	8.19	6.30
Other income	0.77	0.59	0.94
INCOME BEFORE INCOME TAXES	5.13	8.78	7.24

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
41.89	44.32	42.43	42.72	42.26	41.23	39.40	40.95	45.16
21.47	19.36	20.78	20.33	19.47	21.41	21.85	21.15	18.51
63.36	63.68	63.21	63.05	61.73	62.64	61.25	62.10	63.67
36.64	36.32	36.79	36.95	38.27	37.36	38.75	37.90	36.33
16.33	14.19	15.71	14.72	15.27	17.34	16.85	17.55	15.19
12.47	13.50	14.24	13.12	12.82	12.64	13.41	13.01	13.33
28.80	27.69	29.95	27.84	28.09	29.98	30.26	30.56	28.52
7.84	8.63	6.84	9.11	10.18	7.38	8.49	7.34	7.81
3.16	2.82	3.05	2.57	3.36	2.95	3.21	3.86	3.60
4.68	5.81	3.79	6.54	6.82	4.43	5.28	3.48	4.21
1.21	1.46	1.62	0.36	0.76	1.65	0.88	1.34	1.29
5.89	7.27	5.41	6.90	7.58	6.08	6.16	4.82	5.50

ALL PRINTERS BY GEOGRAPHIC REGION

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA. MARYLAND AND D.C.
FACTORY PAYROLL			
Salaries - executive	3.99%	2.07%	2.60%
Direct wages	29.37	25.74	29.69
General factory salaries and wages	2.48	3.07	3.54
Packing, shipping and delivery wages	1.25	1.02	1.37
Payroll taxes	3.02	2.28	3.02
Employee benefits	3.54	3.08	4.03
TOTAL FACTORY PAYROLL	43.65	37.26	44.25
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.33	0.42	0.56
Depreciation - other	5.14	5.50	4.43
Taxes - real estate	0.40	0.37	0.25
Taxes - other	0.21	0.11	0.16
Insurance	0.85	1.55	1.00
Building rent	2.18	2.41	2.09
Utilities - heat, light, etc.	2.36	2.51	2.15
Equipment rental	0.96	0.28	0.65
Total Fixed Expenses	12.43	13.15	11.29
Other Expenses			
Factory supplies and expense	3.28	2.49	3.15
Packing, shipping and delivery expense	1.79	1.49	1.99
Repairs and maintenance	2.30	2.22	2.33
Other factory expenses	1.13	1.38	0.98
Total Other Expenses	8.50	7.58	8.45
TOTAL FACTORY EXPENSES	20.93	20.73	19.74
ADMINISTRATIVE EXPENSES			
Salaries - executive	4.81	5.37	4.55
Salaries - office	3.69	4.38	3.96
Payroll taxes	0.71	0.84	0.58
Employee benefits	0.97	1.03	0.99
Bad debts	0.51	0.30	0.37
Office supplies and expenses	0.82	0.95	0.64
Professional fees	0.88	1.32	0.94
Taxes - business	0.09	0.27	0.21
Telephone	0.85	0.79	0.84
Other administrative expenses	2.29	1.64	2.26
TOTAL ADMINISTRATIVE EXPENSES	15.62	16.89	15.34
SELLING EXPENSES			
Salaries - executive	1.63	1.85	2.45
Salaries and commissions - salesmen	5.34	6.04	4.51
Salaries - sales office clerical	1.14	0.50	0.80
Payroll taxes	0.51	0.68	0.47
Employee benefits	0.58	0.37	0.51
Advertising	0.41	1.05	0.61
Travel and entertainment	1.64	1.29	1.19
Other selling expenses	0.94	1.56	1.26
TOTAL SELLING EXPENSES	12.19	13.34	11.80

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
3.45%	3.36%	3.08%	2.90%	3.41%	3.01%	2.94%	2.41%	3.71%
29.37	29.03	27.93	28.12	28.53	28.38	28.13	29.39	32.51
2.20	3.03	3.10	2.57	2.46	3.14	1.87	1.62	3.18
1.37	1.13	1.56	1.66	1.26	1.30	1.13	0.91	1.32
2.68	3.15	2.87	3.11	2.91	2.76	2.75	3.42	1.49
2.82	4.62	3.89	4.36	3.69	2.64	2.58	3.20	2.95
41.89	44.32	42.43	42.72	42.26	41.23	39.40	40.95	45.16
0.36	0.52	0.46	0.41	0.59	0.51	0.23	0.57	0.43
6.37	4.58	5.25	5.41	4.75	5.64	4.85	5.35	4.89
0.30	0.30	0.20	0.52	0.31	0.27	0.12	0.25	0.60
0.40	0.57	0.47	0.15	0.16	0.45	0.43	0.42	0.15
0.73	0.70	0.75	0.64	0.74	0.91	1.15	0.91	0.52
2.27	1.34	1.86	1.97	1.90	2.15	3.69	3.86	2.38
2.05	2.10	2.24	2.36	1.97	2.11	1.66	1.30	1.48
0.88	0.88	0.95	0.51	0.92	1.25	1.30	1.25	0.51
13.36	10.99	12.18	11.97	11.34	13.29	13.43	13.91	10.96
3.53	3.71	3.59	3.34	3.18	3.00	3.33	2.60	2.28
1.15	1.41	1.36	1.75	1.91	1.46	1.74	1.57	1.93
2.37	1.81	2.19	2.36	2.04	2.12	2.35	1.88	2.31
1.06	1.44	1.46	0.91	1.00	1.54	1.00	1.19	1.03
8.11	8.37	8.60	8.36	8.13	8.12	8.42	7.24	7.55
21.47	19.36	20.78	20.33	19.47	21.41	21.85	21.15	18.51
4.64	4.45	4.74	4.51	5.25	5.71	5.00	5.25	3.96
3.83	3.26	3.81	3.15	3.20	4.39	3.99	3.72	4.20
0.63	0.66	0.61	0.53	0.61	0.66	0.59	0.75	0.26
0.94	0.86	1.11	0.91	0.83	0.85	0.91	0.92	0.54
0.72	0.42	0.43	0.50	0.65	0.90	0.86	1.07	1.26
0.92	0.54	0.72	0.72	0.67	0.81	0.87	0.76	0.90
0.81	0.95	0.90	0.82	0.95	0.82	1.10	1.02	1.01
0.33	0.37	0.31	0.24	0.11	0.21	0.18	0.74	0.28
0.98	0.62	0.67	0.75	0.63	0.77	0.95	0.90	0.86
2.53	2.06	2.41	2.59	2.37	2.22	2.40	2.42	1.92
16.33	14.19	15.71	14.72	15.27	17.34	16.85	17.55	15.19
2.16	2.63	1.77	2.13	2.55	2.56	1.94	1.83	1.93
5.45	5.00	6.89	5.50	5.49	5.59	6.23	6.32	6.32
1.05	1.12	1.27	0.92	0.96	0.91	0.74	0.96	0.98
0.48	0.54	0.60	0.44	0.51	0.50	0.54	0.62	0.20
0.52	0.74	0.70	0.55	0.58	0.42	0.49	0.58	0.38
0.73	0.56	0.66	0.37	0.64	0.77	0.74	0.79	0.79
0.99	1.36	1.33	1.37	1.36	0.97	1.53	1.15	1.62
1.09	1.55	1.02	1.84	0.73	0.92	1.20	0.76	1.11
12.47	13.50	14.24	13.12	12.82	12.64	13.41	13.01	13.33

ALL PRINTERS BY GEOGRAPHIC REGION

REPORT ON OPERATIONS - SALES = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	22.92	21.25	21.43
Other chargeable materials	5.29	4.90	5.82
Outside services	6.96	9.90	7.76
TOTAL MATERIALS	35.17	36.05	35.01
FACTORY PAYROLL	28.38	23.33	28.84
FACTORY EXPENSES	13.42	13.51	12.68
TOTAL FACTORY COST OF PRODUCT	76.97	72.89	76.53
GROSS PROFIT	23.03	27.11	23.47
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	10.22	11.18	10.02
Selling expenses	7.99	8.38	7.68
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	18.21	19.56	17.70
INCOME BEFORE INTEREST EXPENSE	4.82	7.55	5.77
Interest expense	2.05	2.20	1.63
OPERATING INCOME	2.77	5.35	4.14
Other income	0.48	0.24	0.57
INCOME BEFORE INCOME TAXES	3.25	5.59	4.71

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	1.67%	1.91%	1.66%
Film	1.06	0.98	1.07
Plates	1.44	1.57	1.42
Other chargeable materials	1.12	0.44	1.67
TOTAL OTHER CHARGEABLE MATERIALS	5.29	4.90	5.82
OUTSIDE SERVICES			
Composition	0.52	0.55	1.23
Offset preparation	1.15	1.16	0.85
Printing	1.39	1.59	1.50
Binding	2.05	5.25	2.22
Other outside services	1.85	1.35	1.96
TOTAL OUTSIDE SERVICES	6.96	9.90	7.76

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
24.44	23.62	23.89	23.71	25.12	21.48	22.31	21.51	24.40
5.02	5.84	5.31	5.63	6.14	5.75	4.41	4.94	5.89
6.39	6.19	7.87	9.87	7.87	8.80	10.53	8.89	8.50
35.85	35.65	37.07	39.21	39.13	36.03	37.25	35.34	38.79
26.87	28.52	26.80	26.19	25.74	26.35	24.67	26.46	27.58
13.78	12.38	12.95	12.36	11.80	13.65	13.65	13.61	11.26
76.50	76.55	76.82	77.76	76.67	76.03	75.57	75.41	77.63
23.50	23.45	23.18	22.24	23.33	23.97	24.43	24.59	22.37
10.51	9.21	9.99	8.75	9.39	11.20	10.65	11.36	9.43
8.02	8.66	8.91	8.10	7.88	8.08	8.44	8.44	8.12
18.53	17.87	18.90	16.85	17.27	19.28	19.09	19.80	17.55
4.97	5.58	4.28	5.39	6.06	4.69	5.34	4.79	4.82
2.00	1.82	1.87	1.52	2.03	1.87	1.99	2.50	2.17
2.97	3.76	2.41	3.87	4.03	2.82	3.35	2.29	2.65
0.75	0.94	0.94	0.22	0.48	1.09	0.53	0.80	0.76
3.72	4.70	3.35	4.09	4.51	3.91	3.88	3.09	3.41
1.43%	1.51%	2.04%	2.66%	2.72%	1.47%	1.54%	1.43%	1.80%
1.21	1.15	0.96	1.01	1.09	1.36	1.07	1.01	1.27
1.36	1.21	0.99	1.14	0.92	1.13	1.07	1.05	1.07
1.02	1.97	1.32	0.82	1.41	1.79	0.73	1.45	1.75
5.02	5.84	5.31	5.63	6.14	5.75	4.41	4.94	5.89
0.94	0.55	0.52	0.57	0.56	1.19	1.10	0.87	0.96
1.42	1.56	1.90	1.60	1.93	1.02	2.19	0.97	1.85
1.40	1.01	1.39	3.58	2.03	2.82	3.27	2.75	1.96
0.87	1.95	1.43	2.08	1.71	1.78	2.50	2.41	2.01
1.76	1.12	2.63	2.04	1.64	1.99	1.47	1.89	1.72
6.39	6.19	7.87	9.87	7.87	8.80	10.53	8.89	8.50

ALL PRINTERS BY GEOGRAPHIC REGION

SUPPORTING SCHEDULES - SALES = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA MARYLAND AND D.C.
FACTORY PAYROLL			
Salaries - executive	2.66%	1.33%	1.68%
Direct wages	19.03	16.29	19.46
General factory salaries and wages	1.59	1.78	2.24
Packing, shipping and delivery wages	0.81	0.61	0.88
Payroll taxes	1.97	1.47	1.98
Employee benefits	2.32	1.85	2.60
TOTAL FACTORY PAYROLL	28.38	23.33	28.84
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.22	0.27	0.32
Depreciation - other	3.28	3.42	2.84
Taxes - real estate	0.26	0.23	0.16
Taxes - other	0.14	0.08	0.11
Insurance	0.55	1.07	0.66
Building rent	1.40	1.59	1.38
Utilities - heat, light, etc.	1.52	1.58	1.36
Equipment rental	0.59	0.24	0.43
Total Fixed Expenses	7.96	8.48	7.26
Other Expenses			
Factory supplies and expense	2.11	1.53	2.06
Packing, shipping and delivery expense	1.15	0.99	1.26
Repairs and maintenance	1.46	1.41	1.48
Other factory expenses	0.74	1.10	0.62
Total Other Expenses	5.46	5.03	5.42
TOTAL FACTORY EXPENSES	13.42	13.51	12.68
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.20	3.66	2.99
Salaries - office	2.41	2.86	2.59
Payroll taxes	0.46	0.59	0.38
Employee benefits	0.63	0.62	0.64
Bad debts	0.33	0.18	0.24
Office supplies and expenses	0.53	0.62	0.41
Professional fees	0.55	0.84	0.61
Taxes - business	0.06	0.20	0.14
Telephone	0.56	0.51	0.55
Other administrative expenses	1.49	1.10	1.47
TOTAL ADMINISTRATIVE EXPENSES	10.22	11.18	10.02
SELLING EXPENSES			
Salaries - executive	1.08	1.27	1.55
Salaries and commissions - salesmen	3.49	3.61	2.97
Salaries - sales office clerical	0.75	0.28	0.52
Payroll taxes	0.34	0.46	0.30
Employee benefits	0.39	0.23	0.33
Advertising	0.27	0.71	0.40
Travel and entertainment	1.07	0.84	0.78
Other selling expenses	0.60	0.98	0.83
TOTAL SELLING EXPENSES	7.99	8.38	7.68

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
2.24%	2.14%	1.95%	1.80%	2.12%	1.96%	1.82%	1.55%	2.30%
18.86	18.67	17.63	17.24	17.44	18.13	17.67	19.01	19.96
1.39	1.96	1.99	1.60	1.43	1.99	1.14	1.03	1.86
0.86	0.72	0.98	1.02	0.76	0.83	0.71	0.57	0.78
1.72	2.03	1.81	1.89	1.77	1.76	1.71	2.23	0.92
1.80	3.00	2.44	2.64	2.22	1.68	1.62	2.07	1.76
26.87	28.52	26.80	26.19	25.74	26.35	24.67	26.46	27.58
0.23	0.34	0.27	0.26	0.35	0.33	0.14	0.33	0.27
4.11	2.87	3.27	3.30	2.89	3.59	3.02	3.50	2.96
0.19	0.19	0.13	0.31	0.19	0.17	0.08	0.15	0.37
0.25	0.37	0.29	0.09	0.10	0.29	0.28	0.27	0.09
0.48	0.44	0.48	0.40	0.46	0.58	0.73	0.58	0.32
1.47	0.89	1.19	1.23	1.16	1.38	2.29	2.56	1.49
1.31	1.35	1.40	1.43	1.17	1.35	1.02	0.84	0.89
0.59	0.58	0.57	0.32	0.57	0.82	0.82	0.80	0.32
8.63	7.03	7.60	7.34	6.89	8.51	8.30	9.03	6.71
2.24	2.36	2.27	1.99	1.92	1.92	2.09	1.65	1.36
0.73	0.90	0.85	1.02	1.16	0.94	1.09	0.98	1.17
1.50	1.16	1.35	1.45	1.22	1.33	1.45	1.19	1.40
0.58	0.93	0.88	0.56	0.61	0.95	0.64	0.76	0.62
5.15	5.35	5.35	5.02	4.91	5.14	5.27	4.58	4.55
13.78	12.38	12.95	12.36	11.80	13.65	13.65	13.61	11.26
3.01	2.92	2.99	2.69	3.25	3.70	3.17	3.39	2.49
2.46	2.11	2.45	1.91	1.96	2.83	2.55	2.44	2.64
0.41	0.43	0.39	0.30	0.38	0.43	0.37	0.49	0.16
0.60	0.56	0.70	0.55	0.50	0.55	0.56	0.59	0.33
0.46	0.28	0.27	0.30	0.41	0.57	0.53	0.65	0.76
0.59	0.35	0.47	0.44	0.41	0.53	0.55	0.49	0.56
0.52	0.60	0.57	0.49	0.57	0.53	0.69	0.66	0.62
0.22	0.23	0.20	0.15	0.08	0.13	0.11	0.50	0.18
0.63	0.41	0.43	0.45	0.38	0.49	0.60	0.58	0.53
1.61	1.32	1.52	1.47	1.45	1.44	1.52	1.57	1.16
10.51	9.21	9.99	8.75	9.39	11.20	10.65	11.36	9.43
1.38	1.68	1.12	1.32	1.65	1.62	1.22	1.20	1.18
3.49	3.20	4.30	3.37	3.30	3.57	3.93	4.07	3.84
0.69	0.72	0.81	0.59	0.58	0.58	0.47	0.65	0.58
0.31	0.35	0.37	0.27	0.32	0.32	0.33	0.40	0.12
0.33	0.48	0.43	0.34	0.35	0.27	0.31	0.37	0.23
0.48	0.37	0.43	0.24	0.40	0.51	0.47	0.52	0.50
0.64	0.88	0.82	0.82	0.83	0.61	0.97	0.75	1.00
0.70	0.98	0.63	1.15	0.45	0.60	0.74	0.48	0.67
8.02	8.66	8.91	8.10	7.88	8.08	8.44	8.44	8.12

ALL PRINTERS BY GEOGRAPHIC REGION

BALANCE SHEET

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
ASSETS			
CURRENT ASSETS			
Cash	5.99%	6.19%	8.32%
Receivables	32.00	31.18	32.13
Inventories	12.43	11.33	14.31
Other current assets	5.94	2.99	5.63
TOTAL CURRENT ASSETS	56.36	51.69	60.39
FIXED ASSETS			
Real estate	10.77	9.64	8.40
Less: Accumulated depreciation	3.11	2.09	2.66
	7.66	7.55	5.74
Machinery and equipment	65.93	61.23	64.39
Less: Accumulated depreciation	37.11	34.42	37.24
	28.82	26.81	27.15
Other fixed assets	7.83	8.45	7.87
Less: Accumulated depreciation	4.55	3.44	4.83
	3.28	5.01	3.04
NET FIXED ASSETS	39.76	39.37	35.93
OTHER ASSETS	3.88	8.94	3.68
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.25	11.72	7.48
Accounts payable	17.24	16.49	14.20
Other current liabilities	8.60	7.33	9.54
TOTAL CURRENT LIABILITIES	36.09	35.54	31.22
LONG-TERM LIABILITIES	30.32	23.26	22.90
TOTAL LIABILITIES	66.41	58.80	54.12
SHAREHOLDERS' AND PROPRIETORS' EQUITY	33.59	41.20	45.88
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.56	1.45	1.93
QUICK RATIO	1.22	1.14	1.48
TOTAL LIABILITIES TO EQUITY	1.98	1.43	1.18
LONG-TERM LIABILITIES TO EQUITY	0.90	0.56	0.50
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.56	0.56	0.58

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
8.22%	8.01%	6.30%	6.88%	5.56%	9.19%	8.76%	7.61%	2.60%
28.13	31.89	32.23	30.98	31.75	31.28	36.92	31.34	34.42
12.12	14.51	13.63	15.12	15.32	11.57	10.66	11.88	14.45
4.26	3.65	3.91	4.18	3.24	3.54	4.38	3.52	3.64
52.73	58.06	56.07	57.16	55.87	55.58	60.72	54.35	55.11
9.46	14.05	11.32	9.75	12.74	10.94	4.72	6.85	11.21
3.21	4.80	3.46	3.72	3.75	3.43	1.70	1.96	3.11
6.25	9.25	7.86	6.03	8.99	7.51	3.02	4.89	8.10
70.52	62.65	65.27	69.11	62.29	65.58	60.98	67.12	68.32
37.28	35.90	37.10	40.53	34.46	37.25	32.41	34.93	37.79
33.24	26.75	28.17	28.58	27.83	28.33	28.57	32.19	30.53
9.27	6.33	8.41	6.77	6.10	8.67	9.00	7.47	5.36
4.80	3.60	4.13	3.52	3.23	4.73	4.90	3.56	2.67
4.47	2.73	4.28	3.25	2.87	3.94	4.10	3.91	2.69
43.96	38.73	40.31	37.86	39.69	39.78	35.69	40.99	41.32
3.31	3.21	3.62	4.98	4.44	4.64	3.59	4.66	3.57
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
7.61	7.13	9.49	5.61	8.21	9.18	9.22	8.02	10.63
12.52	14.13	13.23	13.76	12.55	12.70	16.65	13.65	16.81
7.92	9.65	10.29	10.98	10.02	6.36	9.79	10.23	10.58
28.05	30.91	33.01	30.35	30.78	28.24	35.66	31.90	38.02
30.43	23.88	24.86	29.54	27.77	25.02	25.99	33.55	29.70
58.48	54.79	57.87	59.89	58.55	53.26	61.65	65.45	67.72
41.52	45.21	42.13	40.11	41.45	46.74	38.35	34.55	32.28
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.88	1.88	1.70	1.88	1.82	1.97	1.70	1.70	1.45
1.45	1.41	1.29	1.39	1.32	1.56	1.40	1.33	1.07
1.41	1.21	1.37	1.49	1.41	1.14	1.61	1.89	2.10
0.73	0.53	0.59	0.74	0.67	0.54	0.68	0.97	0.92
0.53	0.57	0.57	0.59	0.55	0.57	0.53	0.52	0.55

ALL PRINTERS BY GEOGRAPHIC REGION

SIGNIFICANT FACTS

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
INVESTMENT			
Average assets per employee - All employees	$ 32,499	$ 52,534	$ 32,997
Average assets per factory employee (Excluding Executives)	44,607	73,582	44,816
Average net worth per employee - All employees	11,456	23,668	14,715
Average gross plant investment per factory employee (Excluding Executives)	36,448	59,042	34,806
Net worth percentage of fixed assets	110.65%	124.21%	156.51%
EMPLOYEES			
Percent factory - All employees	77.60%	73.96%	76.98%
Percent administrative - All employees	12.60	16.19	13.97
Percent sales - All employees	9.80	9.85	9.05
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 62,472	$ 91,257	$ 65,936
Sales per factory employee	80,966	123,872	86,550
Sales less material per factory employee	50,846	76,866	54,890
Sales per administrative employee	638,718	742,429	642,290
EXCLUDING EXECUTIVES			
Sales per employee - All employees	69,409	100,386	72,887
Sales per factory employee	85,965	129,138	90,080
Sales less material per factory employee	54,127	80,268	57,148
SALES PER SALESMAN	1,018,910	943,735	1,026,350
SALES TO CURRENT ASSETS	395%	398%	409%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	41.13%	36.91%	41.11%
Factory payroll percentage of gross plant investment	73.71	67.32	89.92
Payroll per employee - All employees	$ 24,403	$ 31,989	$ 26,153
Payroll per factory employee	21,672	27,510	23,968
Payroll per administrative employee	32,423	41,589	31,327
Payroll per sales employee	37,061	51,658	38,273
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 18,562	$ 23,802	$ 20,055
Payroll per factory employee	17,515	22,441	19,512
Payroll per administrative employee	15,876	18,907	16,805
Payroll per sales employee	29,454	36,843	25,199
EXECUTIVE PAYROLL			
Payroll per executive - All executives	50,786	66,853	50,253
Payroll per factory executive	33,239	34,170	29,791
Payroll per administrative executive	63,337	83,481	59,649
Payroll per sales executive	46,556	41,615	43,889
RECEIVABLES			
Collection period	57.2	57.2	55.9
PROFIT			
Gross profit percentage of sales	23.03%	27.11%	23.47%
Average gross profit per factory employee	$ 19,733	$ 34,715	$ 21,027
Income before taxes percentage of sales	3.25%	5.59%	4.71%
Average income before taxes per employee	$ 2,402	$ 6,090	$ 3,297

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
$ 29,450	$ 35,144	$ 38,328	$ 49,141	$ 38,866	$ 32,586	$ 31,379	$ 36,568	$ 32,314
40,584	50,060	53,795	68,174	54,465	47,432	46,956	54,795	49,239
13,087	15,903	16,632	20,137	15,641	15,896	11,845	12,581	11,409
34,183	39,673	42,492	53,482	42,015	40,127	34,541	42,582	40,254
112.87%	136.11%	122.84%	142.38%	151.53%	197.37%	159.89%	114.51%	127.11%
76.53%	75.88%	75.31%	77.53%	75.96%	72.26%	72.55%	70.84%	72.85%
13.33	12.70	13.21	11.83	12.72	16.50	15.30	15.45	14.67
10.14	11.42	11.48	10.64	11.32	11.24	12.15	13.71	12.48
$ 53,676	$ 67,479	$ 68,951	$ 95,983	$ 73,188	$ 63,401	$ 70,276	$ 68,442	$ 57,724
70,389	89,066	92,983	126,799	97,450	89,028	98,908	98,781	81,195
44,822	56,599	57,065	72,427	58,011	56,221	61,106	62,187	48,059
572,766	692,788	659,802	934,785	771,976	535,111	600,651	572,054	534,283
60,075	75,750	75,417	106,510	81,727	72,239	78,992	76,761	67,422
75,021	95,153	97,676	133,911	104,292	94,212	105,180	104,172	89,267
47,841	60,462	59,984	76,685	62,172	59,566	64,952	65,530	52,963
624,932	744,759	714,061	768,126	1,083,907	553,030	518,972	485,616	534,832
406%	372%	380%	401%	397%	437%	554%	444%	385%
39.55%	40.98%	40.36%	37.53%	38.02%	40.22%	37.58%	40.07%	39.15%
67.34	78.41	67.26	66.81	73.52	81.82	143.96	82.10	70.21
$ 20,724	$ 27,074	$ 26,687	$ 33,090	$ 26,774	$ 24,837	$ 25,977	$ 26,518	$ 21,338
18,398	24,961	23,444	29,479	24,117	22,648	23,656	24,756	20,919
27,537	31,428	32,966	40,984	31,590	30,341	29,499	30,494	20,945
32,291	38,215	45,404	47,466	40,197	34,100	34,737	33,326	25,752
$ 16,131	$ 20,335	$ 20,210	$ 24,897	$ 20,284	$ 19,482	$ 20,389	$ 20,512	$ 18,392
15,267	19,870	18,878	23,563	19,548	18,897	19,699	20,300	18,469
13,850	16,279	16,096	19,876	15,315	16,261	15,550	15,155	13,388
26,632	27,900	35,326	37,767	29,195	26,079	27,061	26,427	21,508
40,326	46,104	51,334	59,690	46,962	42,654	44,194	40,957	31,599
27,491	28,235	34,762	33,528	29,977	28,489	25,910	23,821	25,080
47,505	51,855	62,887	72,648	58,310	48,201	45,371	45,563	32,943
42,578	45,920	51,868	48,350	47,280	34,210	35,335	23,143	27,188
55.5	59.5	59.5	57.6	60.8	54.4	58.5	54.9	68.1
23.50%	23.45%	23.18%	22.24%	23.33%	23.97%	24.43%	24.59%	22.37%
$ 18,145	$ 22,313	$ 22,929	$ 29,944	$ 24,533	$ 22,793	$ 25,816	$ 25,973	$ 19,982
3.72%	4.70%	3.35%	4.09%	4.51%	3.91%	3.88%	3.09%	3.41%
$ 2,467	$ 3,480	$ 2,720	$ 4,774	$ 3,715	$ 2,677	$ 2,545	$ 2,414	$ 2,291

ALL PRINTERS BY GEOGRAPHIC REGION

RETURN ON INVESTMENT - PER $100 OF SALES

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
INVESTMENT			
Current Assets:			
Cash	$ 3.25	$ 3.48	$ 4.07
Receivables	15.38	15.41	15.04
Inventories	5.83	5.60	6.11
Marketable securities	1.98	0.87	1.06
Other current assets	1.20	0.90	1.82
	27.64	26.26	28.10
Plant Investment:			
Land and building	6.43	6.96	5.20
Machinery and equipment	32.66	33.22	29.73
Other fixed assets	3.66	5.30	3.43
	42.75	45.48	38.36
Non-Current Assets	2.15	4.71	2.01
TOTAL INVESTMENT	72.54	76.45	68.47
INVESTMENT TURNOVER PER $100 OF SALES	137.85%	130.80%	146.05%
EARNINGS			
Cost of Product	$76.97	$72.89	$76.53
Selling Expenses	7.99	8.38	7.68
Administrative Expenses	10.22	11.18	10.02
	95.18	92.45	94.23
Income Before Interest, Other Income, and Taxes	4.82	7.55	5.77
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.64%	9.88%	8.43%

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
$ 4.96	$ 3.87	$ 3.33	$ 3.43	$ 2.82	$ 4.72	$ 3.72	$ 4.12	$ 1.75
14.88	15.95	15.94	15.37	15.43	14.46	15.48	14.61	17.79
6.81	7.70	7.08	7.89	7.72	5.73	4.54	5.85	7.55
1.04	0.82	1.07	1.14	0.93	0.66	0.26	0.31	0.95
1.35	1.32	1.34	0.99	0.87	1.23	1.73	1.35	1.16
29.04	29.66	28.76	28.82	27.77	26.80	25.73	26.24	29.20
5.38	8.98	7.00	6.50	7.37	6.69	2.18	4.46	7.53
37.20	30.39	32.44	34.82	31.58	32.45	26.10	33.98	36.50
4.36	3.09	4.33	3.66	2.88	4.12	3.68	3.32	3.03
46.94	42.46	43.77	44.98	41.83	43.26	31.96	41.76	47.06
1.91	1.86	1.99	3.04	2.48	2.51	1.66	2.72	1.92
77.89	73.98	74.52	76.84	72.08	72.57	59.35	70.72	78.18
128.39%	135.17%	134.19%	130.14%	138.73%	137.80%	168.49%	141.40%	127.91%
$76.50	$76.55	$76.82	$77.76	$76.67	$76.03	$75.57	$75.41	$77.63
8.02	8.66	8.91	8.10	7.88	8.08	8.44	8.44	8.12
10.51	9.21	9.99	8.75	9.39	11.20	10.65	11.36	9.43
95.03	94.42	95.72	94.61	93.94	95.31	94.66	95.21	95.18
4.97	5.58	4.28	5.39	6.06	4.69	5.34	4.79	4.82
6.38%	7.54%	5.74%	7.01%	8.41%	6.46%	9.00%	6.77%	6.17%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL PRINTING FIRMS	901	$3,607,000	$6,411,000	$364,000
ALL PRINTERS BY GEOGRAPHIC REGION				
New England and Up-State New York	79	4,822,000	8,781,000	434,000
Metropolitan New York and New Jersey	16	3,881,000	7,544,000	349,000
Eastern Penna., Maryland and D.C.	71	3,830,000	7,414,000	505,000
Southeast Atlantic	73	2,805,000	5,076,000	294,000
East North Central	42	3,364,000	6,210,000	371,000
South Central	80	4,367,000	7,334,000	380,000
Chicago Area	61	5,897,000	11,039,000	789,000
West North Central	69	5,509,000	8,766,000	624,000
Plains and Mountain States	94	2,221,000	3,746,000	161,000
Pacific Southwest	80	3,078,000	6,162,000	376,000
Pacific Northwest	76	2,490,000	3,911,000	175,000
Canada	160	2,846,000	4,978,000	217,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratios Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

** Unlike the ratios shown in this book, these figures are arithmetic averages.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1984 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1985 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director
PIA Financial Services

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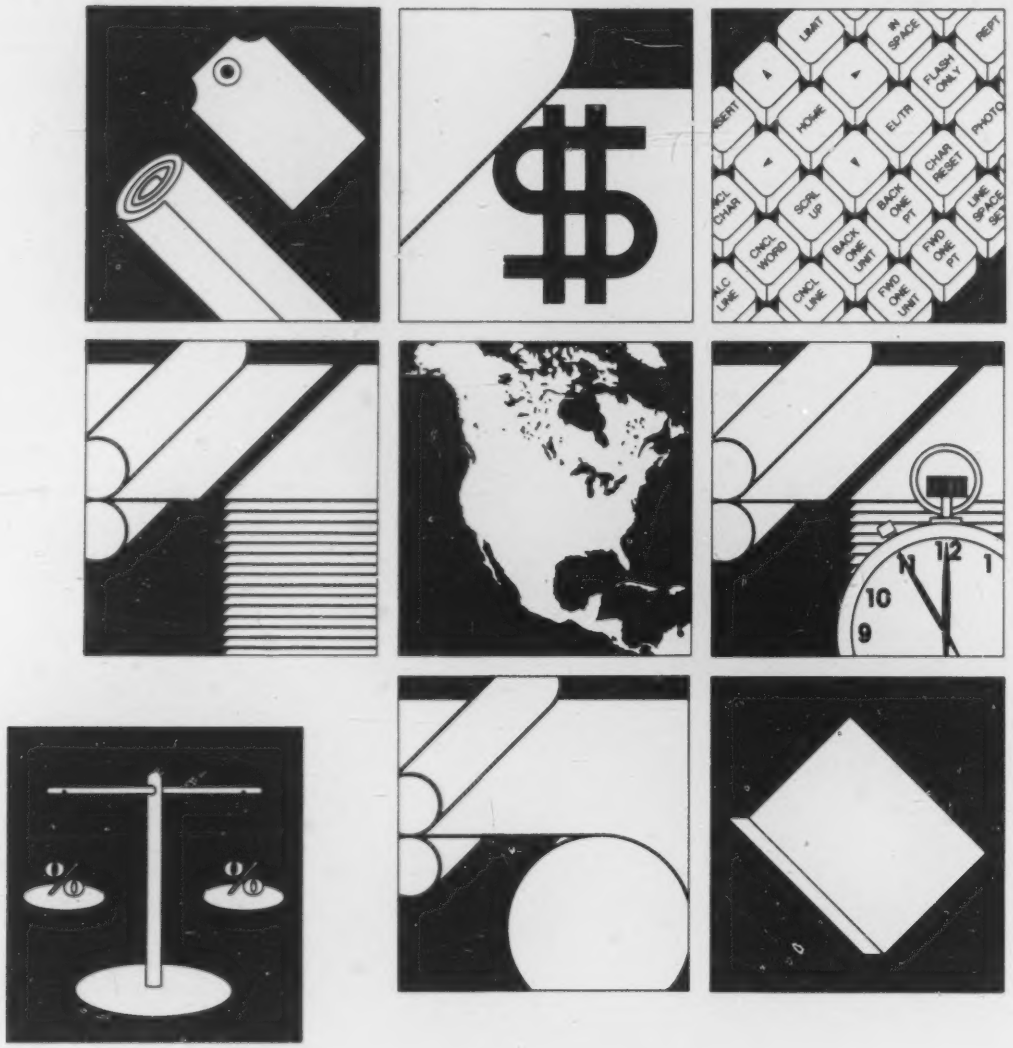
PPA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



Volume IV

All Printers by Geographic Region

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

For further information, contact:

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PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

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Volume IV: All Printers by Geographic Region

An Annual Financial Survey Conducted By:
PIA Financial Services
1730 North Lynn Street
Arlington, VA 22209

Accounting Firm:

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New York and Philadelphia (Bala Cynwyd)

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PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-4805

Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

We are pleased to be a part of PIA's 1985 Financial Ratio Study. This year, a total of 879 firms representing the printing industry in the United States and Canada participated in these studies by responding to PIA's questionnaire on financial performance. Such widespread participation has made the annual PIA Ratio Studies the most comprehensive financial reports available on the health of the graphic arts industry.

This book presents the financial status of printing firms according to geographic area — for example, New England and Up-State New York, Metropolitan New York and New Jersey, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms located in the same geographic area in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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REGIONAL GEOGRAPHIC BREAKDOWN

New England and Upstate New York
Upstate New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, and Maine

Metropolitan New York and New Jersey

Eastern Pennsylvania, Maryland and the District of Columbia

Southeast Atlantic
Virginia, West Virginia, Eastern Tennesee, North Carolina, South Carolina, Georgia and Florida

East North Central
Ohio, Michigan and Western Pennslyvania

South Central
Southern Indiana, Kentucky, Missouri, Southern Illinois, Arkansas, Western Tennessee, Alabama, Mississippi and Louisiana

Chicago Area
Northern Illinois, Northern Indiana, and Eastern Michigan

West North Central
Iowa, Nebraska, North Dakota, South Dakota, Minnesota, Wisconsin

Plains and Mountain States
Texas, Oklahoma, New Mexico, Northern Arizona, Northwestern Nevada, Wyoming, Western Idaho, Montana, Kansas, Utah, and Colorado

Pacific Southwest
Southwestern Nevada, Southern Arizona, and Southern California

Pacific Northwest
Northern California, Northeastern Nevada, Oregon, Eastern Idaho, Washington, Alaska and Hawaii

Canada

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less materials costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of presentation management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

ALL PRINTERS BY GEOGRAPHIC REGION

REPORT ON OPERATIONS - VALUE ADDED = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	42.02	39.47	43.51
FACTORY EXPENSES	20.94	20.53	19.43
TOTAL FACTORY COST OF PRODUCT	62.96	60.00	62.94
GROSS PROFIT	37.04	40.00	37.06
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	15.83	19.69	15.17
Selling expenses	12.73	12.08	12.87
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	28.56	31.77	28.04
INCOME BEFORE INTEREST EXPENSE	8.48	8.23	9.02
Interest expense	3.07	3.48	3.15
OPERATING INCOME	5.41	4.75	5.87
Other income (expense)	0.84	(0.06)	0.89
INCOME BEFORE INCOME TAXES	6.25	4.69	6.76

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
42.06	43.50	42.99	43.72	41.99	40.63	38.92	41.45	44.16
20.77	18.48	20.98	20.71	20.73	20.87	20.38	20.81	17.45
62.83	61.98	63.97	64.43	62.72	61.50	59.30	62.26	61.61
37.17	38.02	36.03	35.57	37.28	38.50	40.70	37.74	38.39
14.63	14.90	15.14	14.29	16.08	16.97	17.62	16.81	14.75
12.11	13.53	13.94	12.44	12.42	12.89	14.86	13.53	13.91
26.74	28.43	29.08	26.73	28.50	29.86	32.48	30.34	28.66
10.43	9.59	6.95	8.84	8.78	8.64	8.22	7.40	9.73
2.87	2.80	3.33	2.82	3.80	3.02	2.97	4.13	3.10
7.56	6.79	3.62	6.02	4.98	5.62	5.25	3.27	6.63
0.60	1.12	1.85	0.65	1.03	1.32	1.04	1.53	1.33
8.16	7.91	5.47	6.67	6.01	6.94	6.29	4.80	7.96

ALL PRINTERS BY GEOGRAPHIC REGION

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
FACTORY PAYROLL			
Salaries - executive	3.28%	1.59%	3.60%
Direct wages	28.19	27.64	28.80
General factory salaries and wages	2.74	3.08	2.60
Packing, shipping and delivery wages	1.33	0.74	1.33
Payroll taxes	3.00	3.12	3.19
Employee benefits	3.48	3.30	3.99
TOTAL FACTORY PAYROLL	42.02	39.47	43.51
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.39	0.26	0.37
Depreciation - other	5.32	5.10	4.67
Taxes - real estate	0.35	0.18	0.25
Taxes - other	0.21	0.08	0.13
Insurance	0.89	1.10	0.88
Building rent	2.57	2.66	2.05
Utilities - heat, light, etc.	2.19	2.59	2.12
Equipment rental	0.88	0.50	0.47
Total Fixed Expenses	12.80	12.47	10.94
Other Expenses			
Factory supplies and expense	3.04	2.41	3.52
Packing, shipping and delivery expense	1.95	1.79	1.74
Repairs and maintenance	2.02	1.80	2.00
Other factory expenses	1.13	2.06	1.23
Total Other Expenses	8.14	8.06	8.49
TOTAL FACTORY EXPENSES	20.94	20.53	19.43
ADMINISTRATIVE EXPENSES			
Salaries - executive	4.66	7.61	4.41
Salaries - office	4.37	4.32	3.68
Payroll taxes	0.70	0.84	0.65
Employee benefits	1.03	1.12	1.08
Bad debts	0.44	0.41	0.47
Office supplies and expenses	0.82	0.87	0.69
Professional fees	0.78	1.17	1.09
Taxes - business	0.11	0.10	0.21
Telephone	0.80	0.92	0.84
Other administrative expenses	2.12	2.33	2.05
TOTAL ADMINISTRATIVE EXPENSES	15.83	19.69	15.17
SELLING EXPENSES			
Salaries - executive	1.75	1.22	2.65
Salaries and commissions - salesmen	5.93	6.16	4.97
Salaries - sales office clerical	1.14	0.31	1.09
Payroll taxes	0.56	0.39	0.57
Employee benefits	0.56	0.36	0.57
Advertising	0.51	0.81	0.42
Travel and entertainment	1.38	1.22	1.37
Other selling expenses	0.90	1.61	1.23
TOTAL SELLING EXPENSES	12.73	12.08	12.87

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
3.52%	2.99%	3.49%	2.60%	2.45%	3.53%	2.98%	2.84%	3.17%
29.27	28.30	27.91	29.27	29.12	27.63	26.98	28.84	32.26
1.91	3.19	3.26	2.65	2.62	2.84	1.88	2.00	3.07
1.58	1.12	1.57	1.69	1.16	1.35	1.36	0.89	1.36
2.85	3.23	3.14	3.30	3.20	2.87	2.86	3.56	1.40
2.93	4.67	3.62	4.21	3.44	2.41	2.86	3.32	2.90
42.06	43.50	42.99	43.72	41.99	40.63	38.92	41.45	44.16
0.43	0.41	0.48	0.46	0.54	0.37	0.16	0.31	0.44
6.02	4.66	5.30	4.85	5.22	5.77	5.18	5.93	4.31
0.28	0.32	0.19	0.43	0.58	0.31	0.08	0.19	0.53
0.35	0.50	0.45	0.11	0.15	0.47	0.36	0.51	0.15
0.74	0.47	0.73	0.69	0.81	0.88	1.10	0.82	0.43
1.78	1.48	2.09	2.26	1.56	2.05	3.25	3.62	1.94
2.01	1.99	2.07	2.50	2.20	2.02	1.60	1.30	1.42
1.18	0.70	1.31	0.41	1.03	1.14	1.28	1.18	0.40
12.79	10.53	12.62	11.71	12.09	13.01	13.01	13.86	9.62
3.44	3.69	3.34	3.55	3.40	2.94	2.85	2.53	2.53
1.22	1.28	1.66	2.02	2.12	1.43	1.23	1.58	1.89
2.26	1.82	2.14	2.38	2.34	2.29	2.31	1.99	2.35
1.06	1.16	1.22	1.05	0.78	1.20	0.98	0.85	1.06
7.98	7.95	8.36	9.00	8.64	7.86	7.37	6.95	7.83
20.77	18.48	20.98	20.71	20.73	20.87	20.38	20.81	17.45
4.10	3.89	4.57	4.42	5.38	5.92	5.15	4.90	3.72
3.87	3.80	3.46	3.32	4.16	3.74	4.23	3.75	4.07
0.55	0.77	0.67	0.61	0.70	0.72	0.61	0.79	0.24
0.67	0.95	0.99	0.88	0.89	0.77	0.98	0.91	0.45
0.77	0.43	0.64	0.68	0.64	1.07	0.90	1.00	1.22
0.73	0.62	0.69	0.65	0.70	0.72	0.97	0.79	0.85
0.80	0.90	0.86	0.85	0.73	0.86	1.10	0.84	0.95
0.20	0.48	0.45	0.16	0.19	0.27	0.24	0.59	0.25
0.85	0.63	0.79	0.68	0.67	0.68	0.90	0.89	0.90
2.09	2.43	2.02	2.04	2.02	2.22	2.54	2.35	2.10
14.63	14.90	15.14	14.29	16.08	16.97	17.62	16.81	14.75
1.81	2.47	1.82	2.31	2.19	2.01	2.22	2.05	2.04
5.47	5.38	6.51	4.71	5.72	6.40	6.51	6.92	6.65
1.29	1.44	1.19	0.92	0.71	1.02	1.04	0.78	1.19
0.48	0.55	0.60	0.46	0.48	0.48	0.55	0.65	0.24
0.49	0.71	0.67	0.54	0.55	0.39	0.51	0.50	0.37
0.61	0.62	0.68	0.53	0.74	0.70	0.69	0.74	0.73
1.00	1.43	1.31	1.32	1.17	1.07	1.70	1.02	1.50
0.96	0.93	1.16	1.65	0.86	0.82	1.64	0.87	1.19
12.11	13.53	13.94	12.44	12.42	12.89	14.86	13.53	13.91

ALL PRINTERS BY GEOGRAPHIC REGION

REPORT ON OPERATIONS - SALES = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	23.30	18.13	21.56
Other chargeable materials	5.11	6.39	4.96
Outside services	7.16	10.20	8.83
TOTAL MATERIALS	35.57	34.72	35.35
FACTORY PAYROLL	27.07	25.07	28.37
FACTORY EXPENSES	13.42	13.93	12.48
TOTAL FACTORY COST OF PRODUCT	76.06	73.72	76.20
GROSS PROFIT	23.94	26.28	23.80
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	10.35	13.25	9.82
Selling expenses	8.19	7.46	8.25
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	18.54	20.71	18.07
INCOME BEFORE INTEREST EXPENSE	5.40	5.57	5.73
Interest expense	1.95	2.12	1.98
OPERATING INCOME	3.45	3.45	3.75
Other income (expense)	0.52	(0.14)	0.59
INCOME BEFORE INCOME TAXES	3.97	3.31	4.34

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	1.66%	1.34%	1.27%
Film	1.05	1.36	0.85
Plates	1.24	1.61	1.23
Other chargeable materials	1.16	2.08	1.61
TOTAL OTHER CHARGEABLE MATERIALS	5.11	6.39	4.96
OUTSIDE SERVICES			
Composition	0.59	0.37	1.24
Offset preparation	1.02	0.69	0.80
Printing	1.57	0.81	1.63
Binding	2.46	3.79	2.85
Other outside services	1.52	4.54	2.31
TOTAL OUTSIDE SERVICES	7.16	10.20	8.83

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
23.84	23.68	24.49	24.12	27.01	22.00	20.98	22.00	25.38
5.85	5.68	5.49	5.79	5.01	5.32	5.02	4.59	5.75
6.61	7.18	8.75	8.71	7.04	8.48	11.32	10.18	8.26
36.30	36.54	38.73	38.62	39.06	35.80	37.32	36.77	39.39
26.77	27.61	26.28	26.92	25.31	26.08	24.53	26.43	26.74
13.25	11.68	12.77	12.61	12.47	13.29	12.74	13.15	10.51
76.32	75.83	77.78	78.15	76.84	75.17	74.59	76.35	76.64
23.68	24.17	22.22	21.85	23.16	24.83	25.41	23.65	23.36
9.38	9.47	9.33	8.76	10.07	11.10	11.34	10.55	9.13
7.78	8.72	8.54	7.61	7.72	8.21	9.03	8.36	8.47
17.16	18.19	17.87	16.37	17.79	19.31	20.37	18.91	17.60
6.52	5.98	4.35	5.48	5.37	5.52	5.04	4.74	5.76
1.80	1.77	2.01	1.65	2.28	1.85	1.83	2.61	1.86
4.72	4.21	2.34	3.83	3.09	3.67	3.21	2.13	3.90
0.37	0.69	1.05	0.41	0.61	0.87	0.62	0.93	0.77
5.09	4.90	3.39	4.24	3.70	4.54	3.83	3.06	4.67
1.39%	1.30%	1.70%	2.51%	2.14%	1.77%	1.51%	1.28%	1.77%
1.49	1.06	0.97	1.06	0.89	1.19	1.24	1.12	1.14
1.09	1.42	1.18	1.09	1.28	1.24	1.21	1.23	0.87
1.88	1.90	1.64	1.13	0.70	1.12	1.06	0.96	1.97
5.85	5.68	5.49	5.79	5.01	5.32	5.02	4.59	5.75
0.79	0.64	0.59	0.65	0.61	0.92	0.88	0.95	0.98
1.36	1.31	1.69	1.31	1.63	1.04	1.83	1.04	1.78
1.63	1.14	2.45	2.70	1.69	2.85	3.76	3.22	1.91
0.81	1.63	1.77	1.67	1.17	1.80	2.62	2.72	1.58
2.02	2.46	2.25	2.38	1.94	1.87	2.23	2.25	2.01
6.61	7.18	8.75	8.71	7.04	8.48	11.32	10.18	8.26

ALL PRINTERS BY GEOGRAPHIC REGION

SUPPORTING SCHEDULES - SALES = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
FACTORY PAYROLL			
Salaries - executive	2.13%	0.98%	2.34%
Direct wages	18.16	17.70	18.82
General factory salaries and wages	1.77	1.85	1.70
Packing, shipping and delivery wages	0.84	0.47	0.85
Payroll taxes	1.93	1.97	2.09
Employee benefits	2.24	2.10	2.57
TOTAL FACTORY PAYROLL	27.07	25.07	28.37
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.24	0.18	0.24
Depreciation - other	3.41	3.15	2.97
Taxes - real estate	0.23	0.12	0.16
Taxes - other	0.14	0.05	0.09
Insurance	0.59	0.75	0.58
Building rent	1.68	1.75	1.34
Utilities - heat, light, etc.	1.41	1.65	1.35
Equipment rental	0.56	0.46	0.30
Total Fixed Expenses	8.26	8.11	7.03
Other Expenses			
Factory supplies and expense	1.96	1.53	2.28
Packing, shipping and delivery expense	1.19	1.12	1.11
Repairs and maintenance	1.29	1.13	1.27
Other factory expenses	0.72	2.04	0.79
Total Other Expenses	5.16	5.82	5.45
TOTAL FACTORY EXPENSES	13.42	13.93	12.48
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.07	5.30	2.87
Salaries - office	2.84	2.81	2.38
Payroll taxes	0.46	0.61	0.43
Employee benefits	0.67	0.76	0.70
Bad debts	0.28	0.27	0.30
Office supplies and expenses	0.54	0.58	0.45
Professional fees	0.50	0.74	0.69
Taxes - business	0.08	0.06	0.14
Telephone	0.53	0.58	0.54
Other administrative expenses	1.38	1.54	1.32
TOTAL ADMINISTRATIVE EXPENSES	10.35	13.25	9.82
SELLING EXPENSES			
Salaries - executive	1.12	0.78	1.68
Salaries and commissions - salesmen	3.82	3.67	3.20
Salaries - sales office clerical	0.75	0.17	0.70
Payroll taxes	0.36	0.23	0.37
Employee benefits	0.36	0.22	0.37
Advertising	0.33	0.57	0.27
Travel and entertainment	0.88	0.85	0.87
Other selling expenses	0.57	0.97	0.79
TOTAL SELLING EXPENSES	8.19	7.46	8.25

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
2.28%	1.89%	2.12%	1.60%	1.47%	2.28%	1.86%	1.82%	1.94%
18.67	17.93	17.02	18.03	17.71	17.70	17.07	18.38	19.65
1.20	2.05	2.06	1.66	1.48	1.84	1.16	1.28	1.78
0.97	0.71	0.96	1.03	0.69	0.86	0.85	0.56	0.81
1.82	2.04	1.92	2.03	1.91	1.84	1.81	2.28	0.84
1.83	2.99	2.20	2.57	2.05	1.56	1.78	2.11	1.72
26.77	27.61	26.28	26.92	25.31	26.08	24.53	26.43	26.74
0.28	0.26	0.28	0.28	0.34	0.23	0.10	0.20	0.27
3.80	2.95	3.24	2.97	3.13	3.66	3.24	3.74	2.58
0.18	0.20	0.11	0.26	0.36	0.19	0.05	0.12	0.32
0.23	0.32	0.27	0.07	0.08	0.30	0.23	0.32	0.08
0.48	0.30	0.45	0.42	0.52	0.57	0.68	0.53	0.27
1.14	0.95	1.31	1.36	0.97	1.32	2.06	2.32	1.23
1.26	1.26	1.26	1.51	1.32	1.27	0.99	0.83	0.83
0.83	0.44	0.76	0.27	0.64	0.73	0.81	0.76	0.25
8.20	6.68	7.68	7.14	7.36	8.27	8.16	8.82	5.83
2.22	2.30	2.09	2.14	2.03	1.87	1.79	1.59	1.51
0.76	0.80	1.00	1.21	1.23	0.91	0.77	0.94	1.16
1.41	1.14	1.27	1.47	1.38	1.46	1.45	1.26	1.40
0.66	0.76	0.73	0.65	0.47	0.78	0.57	0.54	0.61
5.05	5.00	5.09	5.47	5.11	5.02	4.58	4.33	4.68
13.25	11.68	12.77	12.61	12.47	13.29	12.74	13.15	10.51
2.66	2.50	2.81	2.71	3.40	3.96	3.36	3.10	2.33
2.48	2.41	2.12	2.06	2.62	2.44	2.72	2.32	2.56
0.36	0.49	0.42	0.37	0.44	0.48	0.39	0.50	0.15
0.43	0.61	0.61	0.53	0.55	0.51	0.62	0.57	0.28
0.47	0.27	0.40	0.40	0.37	0.64	0.56	0.60	0.72
0.47	0.39	0.42	0.40	0.44	0.47	0.61	0.49	0.54
0.51	0.57	0.53	0.52	0.45	0.55	0.75	0.53	0.58
0.13	0.30	0.29	0.10	0.12	0.17	0.14	0.39	0.15
0.54	0.40	0.48	0.42	0.41	0.44	0.58	0.55	0.56
1.33	1.53	1.25	1.25	1.27	1.44	1.61	1.50	1.26
9.38	9.47	9.33	8.76	10.07	11.10	11.34	10.55	9.13
1.16	1.61	1.10	1.37	1.42	1.28	1.25	1.28	1.26
3.52	3.43	3.98	2.89	3.49	4.07	4.00	4.26	4.04
0.84	0.95	0.73	0.60	0.41	0.65	0.61	0.48	0.70
0.31	0.35	0.37	0.28	0.30	0.30	0.33	0.41	0.14
0.31	0.47	0.41	0.33	0.34	0.25	0.32	0.31	0.23
0.40	0.41	0.43	0.35	0.47	0.46	0.44	0.47	0.46
0.63	0.90	0.79	0.80	0.74	0.68	1.06	0.64	0.93
0.61	0.60	0.73	0.99	0.55	0.52	1.02	0.51	0.71
7.78	8.72	8.54	7.61	7.72	8.21	9.03	8.36	8.47

ALL PRINTERS BY GEOGRAPHIC REGION

BALANCE SHEET

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
ASSETS			
CURRENT ASSETS			
Cash	5.42%	8.81%	8.89%
Receivables	33.17	33.63	33.22
Inventories	12.12	12.09	11.43
Other current assets	5.77	6.26	3.57
TOTAL CURRENT ASSETS	56.48	60.79	57.11
FIXED ASSETS			
Real estate	8.56	5.83	9.37
Less: Accumulated depreciation	2.60	1.34	3.10
	5.96	4.49	6.27
Machinery and equipment	68.45	62.47	66.77
Less: Accumulated depreciation	39.63	38.35	38.45
	28.82	24.12	28.32
Other fixed assets	9.28	8.46	7.42
Less: Accumulated depreciation	4.80	4.57	4.19
	4.48	3.89	3.23
NET FIXED ASSETS	39.26	32.50	37.82
OTHER ASSETS	4.26	6.71	5.07
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	9.09	12.78	9.31
Accounts payable	15.50	14.58	14.00
Other current liabilities	9.43	12.68	10.20
TOTAL CURRENT LIABILITIES	34.02	40.04	33.51
LONG-TERM LIABILITIES	30.16	22.82	26.59
TOTAL LIABILITIES	64.18	62.86	60.10
SHAREHOLDERS' AND PROPRIETORS' EQUITY	35.82	37.14	39.90
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.66	1.52	1.70
QUICK RATIO	1.30	1.22	1.36
TOTAL LIABILITIES TO EQUITY	1.79	1.69	1.51
LONG-TERM LIABILITIES TO EQUITY	0.84	0.61	0.67
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.58	0.61	0.58

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
6.97%	6.89%	3.47%	5.13%	6.01%	8.91%	8.35%	5.56%	2.30%
31.50	32.52	33.01	33.38	29.16	32.53	34.11	32.32	35.87
11.68	14.40	16.00	13.59	15.89	11.54	9.63	12.02	14.53
2.16	4.45	4.30	3.40	2.51	3.06	4.74	3.19	3.95
52.31	58.26	56.78	55.50	53.57	56.04	56.83	53.09	56.65
11.17	12.27	9.58	7.67	13.49	11.06	3.26	7.56	11.86
3.62	4.26	2.97	2.83	4.15	3.05	1.19	1.78	3.22
7.55	8.01	6.61	4.84	9.34	8.01	2.07	5.78	8.64
66.89	63.51	64.06	68.31	62.70	67.84	65.76	69.01	64.99
35.53	37.18	35.84	37.12	33.45	38.18	35.25	35.33	35.45
31.36	26.33	28.22	31.19	29.25	29.66	30.51	33.68	29.54
9.33	7.38	7.57	6.68	5.49	7.07	9.99	6.15	5.15
4.61	4.25	4.49	3.29	2.76	3.74	4.98	3.15	2.90
4.72	3.13	3.08	3.39	2.73	3.33	5.01	3.00	2.25
43.63	37.47	37.91	39.42	41.32	41.00	37.59	42.46	40.43
4.06	4.27	5.31	5.08	5.11	2.96	5.58	4.45	2.92
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
8.33	7.02	9.80	7.23	7.26	10.24	11.22	11.72	11.09
11.99	12.98	13.90	16.03	12.91	12.35	16.34	13.36	17.04
7.62	9.77	9.61	8.56	10.14	6.34	9.94	8.38	11.16
27.94	29.77	33.31	31.82	30.31	28.93	37.50	33.46	39.29
32.50	22.01	32.07	32.20	32.75	27.78	27.51	34.76	26.53
60.44	51.78	65.38	64.02	63.06	56.71	65.01	68.22	65.82
39.56	48.22	34.62	35.98	36.94	43.29	34.99	31.78	34.18
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.87	1.96	1.70	1.74	1.77	1.94	1.52	1.59	1.44
1.45	1.47	1.22	1.32	1.24	1.54	1.26	1.23	1.07
1.53	1.07	1.89	1.78	1.71	1.31	1.86	2.15	1.93
0.82	0.46	0.93	0.89	0.89	0.64	0.79	1.09	0.78
0.53	0.59	0.56	0.54	0.53	0.56	0.54	0.51	0.55

ALL PRINTERS BY GEOGRAPHIC REGION

SIGNIFICANT FACTS

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
INVESTMENT			
Average assets per employee - All employees	$ 34,545	$ 47,376	$ 37,183
Average assets per factory employee (Excluding Executives)	47,695	67,420	52,152
Average net worth per employee - All employees	12,968	18,529	14,538
Average gross plant investment per factory employee (Excluding Executives)	39,433	50,880	40,073
Net worth percentage of fixed assets	110.08%	143.94%	129.15%
EMPLOYEES			
Percent factory - All employees	76.24%	71.01%	76.13%
Percent administrative - All employees	13.63	20.32	13.33
Percent sales - All employees	10.13	8.67	10.54
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 69,083	$ 92,467	$ 71,608
Sales per factory employee	90,458	131,791	95,546
Sales less material per factory employee	57,249	85,138	60,111
Sales per administrative employee	683,694	749,697	672,201
EXCLUDING EXECUTIVES			
Sales per employee - All employees	76,207	101,615	80,453
Sales per factory employee	95,891	135,270	101,605
Sales less material per factory employee	60,666	87,279	63,912
SALES PER SALESMAN	953,024	853,758	892,768
SALES TO CURRENT ASSETS	408%	378%	393%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	40.52%	39.60%	41.06%
Factory payroll percentage of gross plant investment	79.09	95.53	81.68
Payroll per employee - All employees	$ 26,908	$ 35,318	$ 28,114
Payroll per factory employee	23,670	30,959	25,527
Payroll per administrative employee	35,767	43,429	31,853
Payroll per sales employee	42,482	51,319	42,270
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 20,670	$ 26,376	$ 21,116
Payroll per factory employee	19,237	25,306	20,340
Payroll per administrative employee	18,273	17,917	16,472
Payroll per sales employee	34,480	42,143	31,583
EXECUTIVE PAYROLL			
Payroll per executive - All executives	53,038	86,127	51,631
Payroll per factory executive	33,966	27,480	34,689
Payroll per administrative executive	67,375	97,597	58,107
Payroll per sales executive	49,552	42,426	41,530
RECEIVABLES			
Collection period	57.5	57.9	60.6
PROFIT			
Gross profit percentage of sales	23.94%	26.28%	23.80%
Average gross profit per factory employee	$ 23,114	$ 35,831	$ 24,580
Income before taxes percentage of sales	3.97%	3.31%	4.34%
Average income before taxes per employee	$ 3,317	$ 3,676	$ 3,543

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
$ 31,849	$ 38,159	$ 38,232	$ 44,575	$ 42,178	$ 35,775	$ 34,086	$ 41,427	$ 33,932
43,911	54,063	55,189	61,173	57,540	51,568	49,618	124,708	49,148
13,406	17,934	15,792	15,807	15,054	16,023	11,974	13,285	12,446
36,694	42,798	42,542	48,213	45,090	43,610	37,677	58,156	38,641
85.85%	153.20%	113.09%	117.37%	130.61%	157.49%	135.66%	100.29%	103.99%
77.01%	75.45%	75.51%	77.54%	75.63%	73.26%	72.07%	69.89%	72.94%
12.02	12.99	12.97	12.32	14.09	15.30	15.25	15.53	14.20
10.97	11.56	11.52	10.14	10.28	11.44	12.68	14.58	12.86
$ 61,417	$ 75,640	$ 72,585	$ 90,340	$ 73,110	$ 70,365	$ 81,358	$ 78,216	$ 60,845
80,337	100,880	98,205	119,043	96,795	96,795	114,124	348,258	84,308
50,135	63,794	59,029	70,592	57,459	60,973	67,839	136,409	49,413
631,627	769,317	691,207	963,954	750,466	621,788	632,171	663,513	605,820
67,762	83,774	80,621	100,840	80,396	79,673	91,394	88,494	67,623
85,399	107,015	106,000	125,433	101,351	103,602	121,172	354,940	89,759
53,354	67,683	63,518	74,322	60,168	65,294	72,076	140,642	52,597
682,298	785,726	720,610	1,081,853	1,052,408	629,232	621,638	500,606	600,073
434%	382%	425%	445%	388%	480%	544%	438%	371%
38.83%	40.42%	38.82%	38.06%	38.28%	40.02%	38.13%	39.65%	38.43%
74.98	80.06	84.50	81.27	69.19	85.10	93.99	81.90	74.40
$ 22,802	$ 30,053	$ 27,650	$ 32,309	$ 26,858	$ 26,966	$ 28,905	$ 29,461	$ 22,102
20,539	27,206	24,535	29,307	23,964	24,041	25,792	27,797	21,234
29,413	34,786	33,959	39,638	33,127	32,297	32,823	31,850	21,803
37,441	46,111	45,248	49,556	43,294	40,893	38,326	37,213	29,312
$ 17,872	$ 22,468	$ 20,959	$ 24,452	$ 20,468	$ 21,116	$ 22,355	$ 22,823	$ 18,883
16,947	21,476	19,755	23,491	19,455	20,000	21,186	22,586	18,636
15,229	17,493	16,214	20,799	16,969	16,190	17,393	16,517	14,151
28,044	36,147	34,219	39,945	33,196	33,058	29,684	27,950	25,036
44,819	52,317	50,284	63,227	50,531	49,950	49,249	43,852	32,519
33,393	32,010	37,414	33,897	28,824	34,583	31,668	26,334	26,524
56,381	60,535	63,827	73,033	62,444	56,429	56,663	47,227	35,833
44,083	50,026	46,606	48,876	43,535	42,158	40,237	30,456	33,542
54.9	59.8	56.6	55.8	57.1	55.1	51.7	56.6	69.3
23.68%	24.17%	22.22%	21.85%	23.16%	24.83%	25.41%	23.65%	23.36%
$ 20,294	$ 26,423	$ 24,280	$ 28,313	$ 23,074	$ 25,853	$ 29,706	$ 87,527	$ 20,817
5.09%	4.90%	3.39%	4.24%	3.70%	4.54%	3.83%	3.05%	4.67%
$ 3,373	$ 4,082	$ 2,803	$ 4,393	$ 3,103	$ 3,375	$ 3,321	$ 2,808	$ 3,128

ALL PRINTERS BY GEOGRAPHIC REGION

RETURN ON INVESTMENT - PER $100 OF SALES

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
INVESTMENT			
Current Assets:			
Cash	$ 2.80	$ 4.86	$ 4.51
Receivables	15.39	15.55	16.34
Inventories	5.55	5.25	5.55
Marketable securities	2.09	1.82	0.50
Other current assets	1.28	1.35	1.52
	27.11	28.83	28.42
Plant Investment:			
Land and building	4.81	4.17	5.50
Machinery and equipment	32.97	29.50	30.93
Other fixed assets	4.43	4.06	3.52
	42.21	37.73	39.95
Non-Current Assets	2.09	3.10	2.75
TOTAL INVESTMENT	71.41	69.66	71.12
INVESTMENT TURNOVER PER $100 OF SALES	140.04%	143.55%	140.61%
EARNINGS			
Cost of Product	$76.06	$73.72	$76.20
Selling Expenses	8.19	7.46	8.25
Administrative Expenses	10.35	13.25	9.82
	94.60	94.43	94.27
Income Before Interest, Other Income (Expense), and Taxes	5.40	5.57	5.73
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.56%	8.00%	8.06%

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
$ 4.04	$ 3.26	$ 3.50	$ 2.33	$ 3.36	$ 4.54	$ 3.23	$ 2.84	$ 1.60
14.65	16.03	15.08	14.84	15.32	14.58	13.57	14.99	18.17
5.69	7.40	6.68	7.12	8.28	5.66	3.86	6.27	7.78
0.44	0.80	1.08	0.95	0.66	0.65	0.13	0.18	1.17
0.77	1.56	1.44	1.02	0.81	0.90	2.15	1.48	1.30
25.59	29.05	27.78	26.26	28.43	26.33	22.94	25.76	30.02
6.13	7.71	5.76	5.05	8.69	6.75	1.61	5.15	7.47
32.69	29.96	30.97	31.85	34.06	32.68	26.72	35.02	34.17
4.43	3.48	3.32	3.28	2.89	3.31	3.85	2.83	2.59
43.25	41.15	40.05	40.18	45.64	42.74	32.18	43.00	44.23
2.60	2.34	2.82	2.94	3.02	1.83	2.63	2.59	1.63
71.44	72.54	70.65	69.38	77.09	70.90	57.75	71.35	75.88
139.98%	137.85%	141.54%	144.13%	129.72%	141.04%	173.16%	140.15%	131.79%
$76.32	$75.83	$77.78	$78.15	$76.84	$75.17	$74.59	$76.35	$76.64
7.78	8.72	8.54	7.61	7.72	8.21	9.03	8.36	8.47
9.38	9.47	9.33	8.76	10.07	11.10	11.34	10.55	9.13
93.48	94.02	95.65	94.52	94.63	94.48	94.96	95.26	94.24
6.52	5.98	4.35	5.48	5.37	5.52	5.04	4.74	5.76
9.13%	8.24%	6.16%	7.90%	6.97%	7.79%	8.73%	6.64%	7.59%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL PRINTING FIRMS	879	$3,963,000	$ 6,990,000	$410,000
ALL PRINTERS BY GEOGRAPHIC REGION				
New England and Up-State New York	89	3,929,000	7,681,000	435,000
Metropolitan New York and New Jersey	16	3,511,000	6,794,000	266,000
Eastern Penna., Maryland and D.C.	63	4,296,000	7,412,000	553,000
Southeast Atlantic	76	3,865,000	6,986,000	424,000
East North Central	38	3,484,000	6,652,000	395,000
South Central	86	3,726,000	6,664,000	326,000
Chicago Area	65	5,455,000	10,008,000	656,000
West North Central	64	7,697,000	10,994,000	625,000
Plains and Mountain States	101	2,545,000	4,578,000	207,000
Pacific Southwest	76	3,610,000	7,680,000	547,000
Pacific Northwest	77	2,891,000	4,361,000	202,000
Canada	128	3,591,000	6,187,000	366,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratios Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

** Unlike the ratios shown in this book, these figures are arithmetic averages.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services

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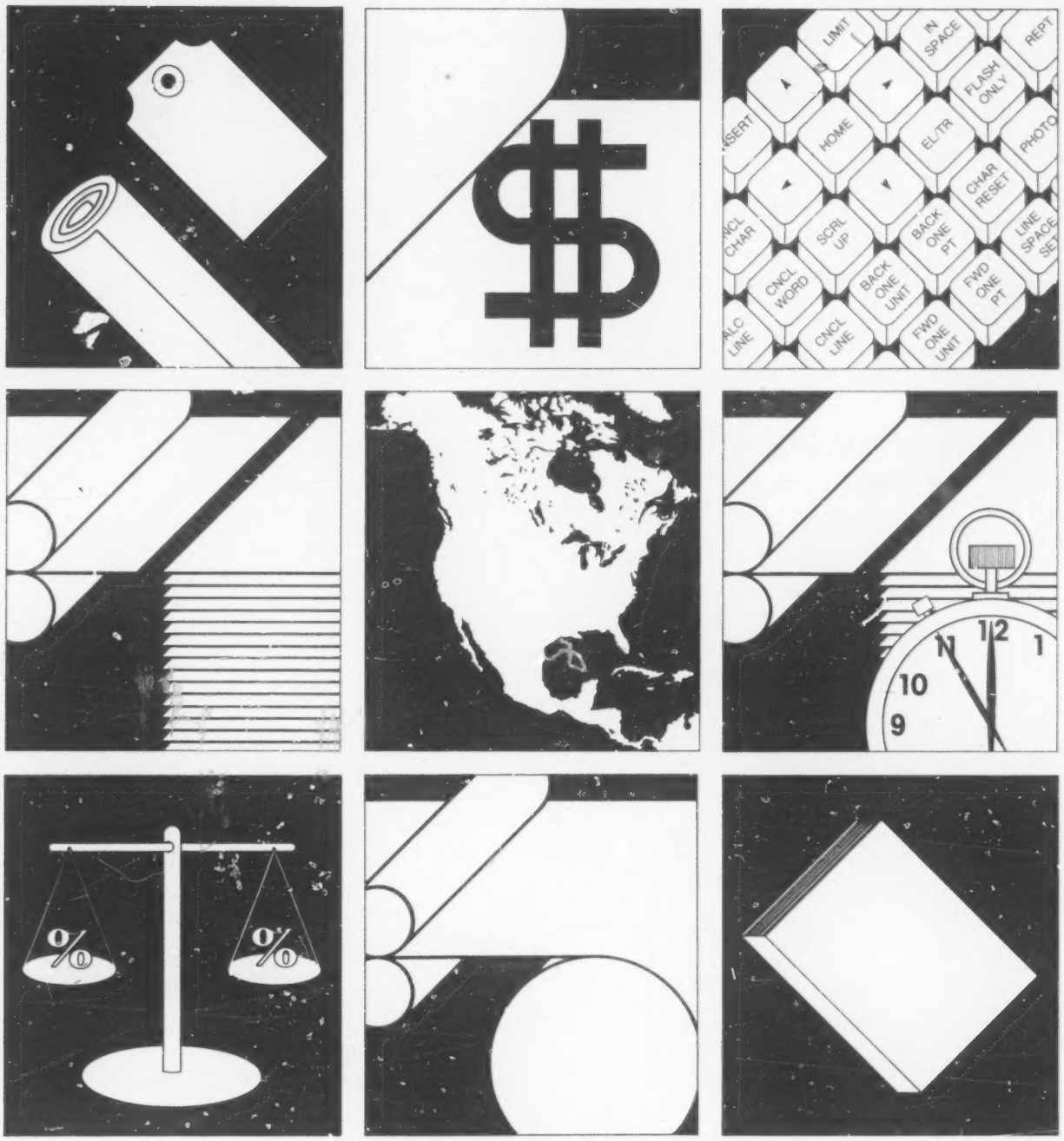
Printing Industries of America, Inc.

1984 Financial Ratios



Volume V
Sheetfed Printers
by Size and Geographic Area

ABOUT PIA . . .

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 11,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Management Services Department is active in financial management offering numerous publications, conferences, and seminars:

- Best & Worst Markets for Printers in the 1980s - a unique marketing and financial planning aid, available by subscription
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981-82 Production Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation
- 1984 Executive Compensation Report
- Costing, Estimating, and Pricing Systems Conferences
- Managing your Printing Business Conferences

For information on any of the above contact the Management Services Department:

Printing Industries of America, Inc.
Management Services Department
1730 North Lynn Street
Arlington, Virginia 22209
(703) 841-8194

In addition, PIA Financial Services offers the following publications and seminars:

- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly newsletter
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management Seminars
- Seminars on financial applications for microcomputers

For further information, contact:

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703/841-8145

61ST annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1984 FINANCIAL RATIOS

SHEETFED PRINTERS

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PRINTING INDUSTRIES OF AMERICA, INC.

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New York and Philadelphia (Bala Cynwyd)

Printed in U.S.A.

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Dear Colleague:

1984 is the 61st year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the U.S. and Canadian graphic arts industries. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the U.S. and Canadian printing industry, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to William A. Rose, II, Director of Financial Services, Printing Industries of America, Inc., 1730 North Lynn Street, Arlington, VA 22209 (703) 841-8145.

Jim Olsen
Vice-President, Management Services
Printing Industries of America, Inc.

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1984 PIA FINANCIAL RATIOS FOR SHEETFED PRINTERS. This Ratio Study was developed on the basis of questionnaires volunteered by 658 firms and presents the ratios and statistics of Sheetfed Printers by sales volume and geographic area.

Thus users of the report can direct themselves to the standards for their sales volume — for example, sales to $250,000, sales from $250,000 to $500,000, etc.; and by geographic area, for example, New England and Up-State New York, Metropolitan New York and New Jersey, etc. Readers can compare the data from their own firms' financial statements with similar data from other firms in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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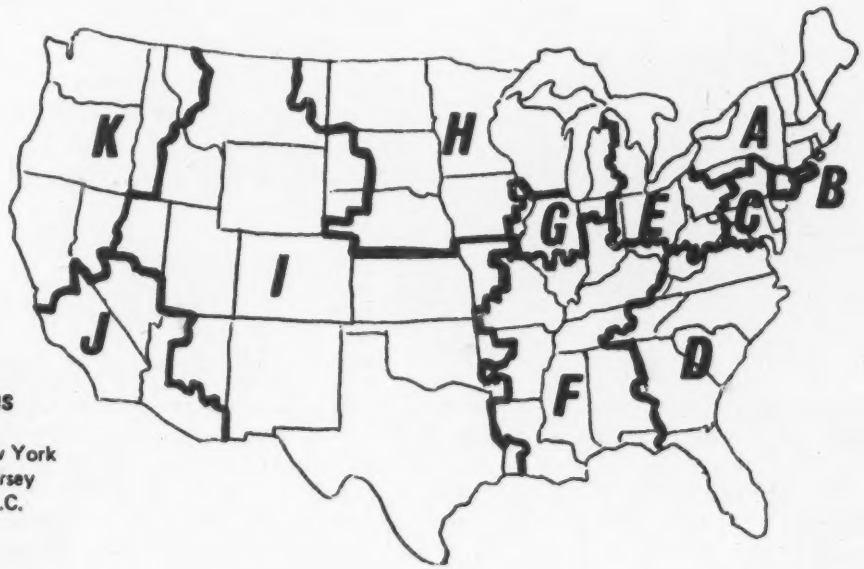
ABSOLUTE DATA	42-43



CONSOLIDATED REGIONS

A. New England and Up-state New York
B. Metropolitan New York and Jersey
C. Eastern Penn., Maryland and D.C.
D. Southeast Atlantic
E. East North Central
F. South Central
G. Chicago Area
H. West North Central
I. Plains and Mountain States
J. Pacific Southwest
K. Pacific Northwest

VALUE ADDED DEFINED

Value added is simply your sales less material costs, which include paper, other chargeable materials and outside services. Value added is, therefore, that component of a sale attributable to your own manufacture. It is calculated as follows:

Sales		$100.00
Less Material :		
Paper	$ 23.03	
Other chargeable materials	5.38	
Outside services	8.03	36.44
Value Added		$ 63.56

Other chargeable materials include ink, film, plates, etc., but not general supplies, such as repair or maintenance parts. Outside services are purchases of job-related services -- composition, offset preparation, printing, bindery, etc.

KNOWN BY OTHER TERMS

Value added is also known by such other terms as inside sales, conversion value, inside manufacturing value and real contribution to overhead and profit. Whatever the term, the concept of value added is of prime importance to the profitability of your operations.

CONCEPTUAL UNDERSTANDING OF VALUE ADDED

Once you observe that value added is the residual of sales less material costs, you realize that this value provided by your own manufacture is all you have available to pay your remaining expenses. These are:

- Factory labor
- Other factory expenses
- Administrative expenses
- Selling expenses
- Interest

Then, what is left is a profit. This is different from the basic "cost sheet concept" that we are accustomed to in the printing industry.

Since, generally, within a relevant range of operations, these expenses behave as fixed costs, the "overhead" represented by these expenses will remain practically constant. Therefore, you want to maximize your value added.

Let us illustrate this with the following example, in which we are increasing the value added derived from $1,000,000 of sales from $635,600 to $675,000 to see the effect on operating income. We will assume that "overhead" (factory labor; other factory, administrative, selling and interest expenses) will remain the same.

The assumption that these expenses will not increase is being taken with some license; actually they would increase, but very little. We are taking this liberty to prove the point that, within this relevant range, these expenses behave in a fixed manner. This helps to understand the effect of value added on profit.

	Original	After Increase in Value Added
SALES	$1,000,000	
Material Costs	364,400	
VALUE ADDED	635,600	$675,000
"Overhead"	591,000	591,000
Operating Income	$ 44,600	$ 84,000

STATEMENT OF OPERATIONS -- VALUE ADDED: THE BETTER STATEMENT

By eliminating the distortion that material costs introduce into the conventional operating statement, value added gives you a truer picture of your operations.

For example, if we were comparing the statement of operations of a short-run, sheet-fed company with that of a web-offset firm, and our comparison was related to percentages based on sales, we could have significant differences in ratios. The reason: the significant differences in material costs. It would appear that the web-offset operation had a lower factory labor cost because a substantial amount of the sale was materials. But, in truth, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

Almost every company's product mix is different and, by using statements of operations based on value added, this product mix difference is eliminated. In conclusion, the Statement of Operations -- Value Added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	42.01	37.98	41.18	42.17	40.08	34.52
FACTORY EXPENSES	19.87	17.69	27.70	18.64	22.71	25.04
TOTAL FACTORY COST OF PRODUCT	61.88	55.67	68.88	60.81	62.79	59.56
GROSS PROFIT	38.12	44.33	31.12	39.19	37.21	40.44
ADMINISTRATIVE AND SELLING EXPENSES						
Administrative expenses	16.99	14.98	19.28	13.88	22.30	21.86
Selling expenses	13.79	11.35	9.08	4.11	9.75	6.89
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	30.78	26.33	28.36	17.99	32.05	28.75
INCOME BEFORE INTEREST EXPENSE	7.34	18.00	2.76	21.20	5.16	11.69
Interest expense	3.18	2.18	3.69	1.45	3.46	1.70
OPERATING INCOME (LOSS)	4.16	15.82	(0.93)	19.75	1.70	9.99
Other income	1.09	2.12	0.13	1.61	0.81	5.06
INCOME (LOSS) BEFORE INCOME TAXES	5.25	17.94	(0.80)	21.36	2.51	15.05

* See Page 10 for the definition of "Profit Leaders".

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
40.27	35.92	42.87	36.81	42.79	39.11	46.36	45.42
20.08	18.09	19.02	17.17	18.76	16.19	17.35	15.98
60.35	54.01	61.89	53.98	61.55	55.30	63.71	61.40
39.65	45.99	38.11	46.02	38.45	44.70	36.29	38.60
19.46	17.56	15.70	14.85	13.29	12.33	11.10	8.90
13.49	10.41	14.78	11.41	15.88	14.60	14.39	12.92
32.95	27.97	30.48	26.26	29.17	26.93	25.49	21.82
6.70	18.02	7.63	19.76	9.28	17.77	10.80	16.78
3.14	2.62	3.18	2.39	3.58	1.91	2.09	1.24
3.56	15.40	4.45	17.37	5.70	15.86	8.71	15.54
0.94	1.55	1.24	2.41	1.71	2.35	0.77	1.18
4.50	16.95	5.69	19.78	7.41	18.21	9.48	16.72

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL						
Salaries - executive	3.27%	2.86%	6.56%	0.00%	3.89%	1.01%
Direct wages	29.46	26.48	27.46	39.98	30.13	29.26
General factory salaries and wages	2.31	2.47	1.81	0.00	0.78	0.54
Packing, shipping and delivery wages	1.22	1.05	0.33	0.00	0.73	0.06
Payroll taxes	2.70	2.24	3.12	0.74	2.64	2.40
Employee benefits	3.05	2.88	1.90	1.45	1.91	1.25
TOTAL FACTORY PAYROLL	42.01	37.98	41.18	42.17	40.08	34.52
FACTORY EXPENSES						
Fixed Expenses						
Depreciation - real estate	0.42	0.57	0.14	0.05	0.20	0.13
Depreciation - other	5.10	4.77	7.71	4.96	5.69	6.26
Taxes - real estate	0.31	0.28	0.16	0.00	0.30	0.06
Taxes - other	0.30	0.23	0.29	0.00	0.21	0.05
Insurance	0.90	0.77	1.50	1.04	1.49	0.99
Building rent	2.72	2.09	6.72	5.11	4.67	4.84
Utilities - heat, light, etc.	1.76	1.49	2.03	0.77	1.93	1.62
Equipment rental	0.88	0.81	2.19	1.34	1.40	3.08
Total Fixed Expenses	12.39	11.01	20.74	13.27	15.89	17.03
Other Expenses						
Factory supplies and expense	2.77	2.47	1.33	0.00	2.20	3.44
Packing, shipping and delivery expense	1.58	1.48	2.12	0.00	1.38	1.56
Repairs and maintenance	2.04	1.86	2.55	2.09	2.38	2.94
Other factory expenses	1.09	0.87	0.96	3.28	0.86	0.07
Total Other Expenses	7.48	6.68	6.96	5.37	6.82	8.01
TOTAL FACTORY EXPENSES	19.87	17.69	27.70	18.64	22.71	25.04
ADMINISTRATIVE EXPENSES						
Salaries - executive	5.22	4.85	5.79	7.98	8.25	6.14
Salaries - office	4.14	3.55	4.75	2.36	5.12	6.84
Payroll taxes	0.63	0.52	0.72	0.00	0.97	0.63
Employee benefits	0.89	0.99	0.62	0.05	0.72	0.37
Bad debts	0.77	0.53	1.11	0.49	0.79	1.00
Office supplies and expenses	0.85	0.69	1.62	0.48	1.20	0.98
Professional fees	1.01	0.95	0.96	0.76	1.32	1.88
Taxes - business	0.32	0.23	0.12	0.00	0.56	0.23
Telephone	0.87	0.71	1.64	0.53	1.26	1.34
Other administrative expenses	2.29	1.96	1.95	1.23	2.11	2.45
TOTAL ADMINISTRATIVE EXPENSES	16.99	14.98	19.28	13.88	22.30	21.86
SELLING EXPENSES						
Salaries - executive	2.28	1.95	3.59	1.18	2.31	0.99
Salaries and commissions - salesmen	6.14	4.77	1.26	0.00	2.50	1.75
Salaries - sales office clerical	1.00	0.95	0.57	1.46	0.58	0.00
Payroll taxes	0.52	0.36	0.37	0.00	0.35	0.05
Employee benefits	0.54	0.48	0.17	0.04	0.29	0.09
Advertising	0.77	0.71	1.28	1.16	1.26	1.50
Travel and entertainment	1.44	1.16	1.43	0.27	1.42	1.46
Other selling expenses	1.10	0.97	0.41	0.00	1.04	1.05
TOTAL SELLING EXPENSES	13.79	11.35	9.08	4.11	9.75	6.89

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.30%	3.71%	2.99%	2.76%	2.81%	2.21%	2.88%	2.97%
29.70	25.84	29.80	25.77	27.95	24.69	29.10	28.54
1.19	1.56	2.79	2.10	3.82	4.16	4.34	4.85
0.99	0.83	1.48	1.03	1.48	1.68	1.49	1.57
2.64	2.00	2.66	2.27	2.64	2.33	3.07	2.76
2.45	1.98	3.15	2.88	4.09	4.04	5.48	4.73
40.27	35.92	42.87	36.81	42.79	39.11	46.36	45.42
0.46	0.64	0.42	0.67	0.54	0.49	0.48	0.50
5.20	4.90	4.94	5.01	4.58	4.18	4.07	3.86
0.25	0.27	0.36	0.25	0.31	0.32	0.39	0.48
0.35	0.22	0.28	0.24	0.32	0.26	0.35	0.29
1.09	0.87	0.77	0.93	0.50	0.45	0.33	0.37
3.29	2.89	2.18	1.58	1.14	1.12	1.02	0.72
1.62	1.48	1.74	1.31	1.82	1.68	1.97	1.76
0.91	1.06	0.75	0.56	0.62	0.40	0.52	0.11
13.17	12.33	11.44	10.55	9.83	8.90	9.13	8.09
2.35	1.65	3.10	2.50	3.33	2.97	3.39	3.64
1.72	1.61	1.56	1.46	1.56	1.89	1.15	0.93
1.86	1.70	1.96	1.65	2.20	1.75	2.26	2.29
0.98	0.80	0.96	1.01	1.84	0.68	1.42	1.03
6.91	5.76	7.58	6.62	8.93	7.29	8.22	7.89
20.08	18.09	19.02	17.17	18.76	16.19	17.35	15.98
6.39	6.13	4.56	4.84	3.70	3.80	2.18	2.02
4.88	4.05	3.79	3.30	3.09	2.84	2.98	2.27
0.75	0.65	0.55	0.61	0.41	0.30	0.36	0.25
0.93	1.10	0.96	1.24	0.83	0.89	0.80	0.67
0.85	0.64	0.70	0.34	0.67	0.57	0.74	0.44
0.86	0.85	0.82	0.66	0.53	0.50	0.50	0.51
1.10	1.10	0.93	0.83	0.99	0.82	0.64	0.61
0.33	0.20	0.32	0.26	0.19	0.19	0.21	0.26
1.00	0.90	0.72	0.66	0.69	0.49	0.50	0.35
2.37	1.94	2.35	2.11	2.19	1.93	2.19	1.52
19.46	17.56	15.70	14.85	13.29	12.33	11.10	8.90
2.64	2.55	2.11	1.63	2.02	2.67	1.43	1.06
5.81	4.02	7.22	5.07	8.01	6.85	6.31	5.60
0.75	0.43	1.05	0.83	1.43	1.45	1.89	2.30
0.55	0.30	0.56	0.45	0.53	0.37	0.48	0.44
0.49	0.33	0.59	0.44	0.72	0.96	0.73	0.69
0.81	0.66	0.66	0.92	0.57	0.38	0.46	0.31
1.41	1.28	1.48	1.21	1.46	0.83	1.32	1.05
1.03	0.84	1.11	0.86	1.14	1.09	1.77	1.47
13.49	10.41	14.78	11.41	15.88	14.60	14.39	12.92

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT						
MATERIALS						
Paper	20.83	20.53	21.59	25.57	18.98	15.47
Other chargeable materials	5.06	4.99	5.18	3.20	5.01	4.27
Outside services	9.07	7.64	6.32	0.90	8.96	10.08
TOTAL MATERIALS	34.96	33.16	33.09	29.67	32.95	29.82
FACTORY PAYROLL	27.31	25.49	27.28	29.68	26.86	24.38
FACTORY EXPENSES	12.92	11.80	18.31	13.10	15.23	17.41
TOTAL FACTORY COST OF PRODUCT	75.19	70.45	78.68	72.45	75.04	71.61
GROSS PROFIT	24.81	29.55	21.32	27.55	24.96	28.39
ADMINISTRATIVE AND SELLING EXPENSES						
Administrative expenses	11.08	10.03	13.06	9.77	14.93	15.56
Selling expenses	8.90	7.59	6.18	2.90	6.45	4.84
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	19.98	17.62	19.24	12.67	21.38	20.40
INCOME BEFORE INTEREST EXPENSE	4.83	11.93	2.08	14.88	3.58	7.99
Interest expense	2.05	1.46	2.47	1.02	2.29	1.20
OPERATING INCOME (LOSS)	2.78	10.47	(0.39)	13.86	1.29	6.79
Other income	0.68	1.41	0.08	1.14	0.56	3.68
INCOME (LOSS) BEFORE INCOME TAXES	3.46	11.88	(0.31)	15.00	1.85	10.47

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS						
Ink	1.27%	1.26%	0.77%		0.84%	0.28%
Film	1.21	1.18	1.97		0.95	0.97
Plates	1.21	1.14	1.26		1.24	0.96
Other chargeable materials	1.37	1.41	1.18		1.98	2.06
TOTAL OTHER CHARGEABLE MATERIALS	5.06	4.99	5.18	***	5.01	4.27
OUTSIDE SERVICES						
Composition	0.97	1.09	1.11		1.06	1.77
Offset preparation	1.70	1.47	0.46		0.91	3.12
Printing	2.28	1.97	3.05		4.17	2.99
Binding	2.11	1.45	0.85		1.56	0.26
Other outside services	2.01	1.66	0.85		1.26	1.94
TOTAL OUTSIDE SERVICES	9.07	7.64	6.32	***	8.96	10.08

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
*** Information not submitted.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
19.67	19.73	21.37	21.79	22.53	20.71	22.21	21.03
4.71	4.28	4.92	4.64	5.55	7.04	6.49	5.88
9.24	8.79	9.61	7.33	9.19	6.51	6.75	6.49
33.62	32.80	35.90	33.76	37.27	34.26	35.45	33.40
26.75	24.18	27.54	24.57	26.93	26.03	29.69	30.18
13.34	12.18	12.17	11.27	11.72	10.68	11.13	10.52
73.71	69.16	75.61	69.60	75.92	70.97	76.27	74.10
26.29	30.84	24.39	30.40	24.08	29.03	23.73	25.90
12.85	11.67	10.08	9.91	8.29	8.08	7.21	5.96
8.95	7.08	9.39	7.55	9.87	9.50	9.39	8.68
21.80	18.75	19.47	17.46	18.16	17.58	16.60	14.64
4.49	12.09	4.92	12.94	5.92	11.45	7.13	11.26
2.08	1.83	2.02	1.56	2.16	1.24	1.31	0.75
2.41	10.26	2.90	11.38	3.76	10.21	5.82	10.51
0.60	1.02	0.78	1.54	1.01	1.64	0.48	0.76
3.01	11.28	3.68	12.92	4.77	11.85	6.30	11.27
1.11%	0.95%	1.35%	1.26%	1.59%	2.34%	1.57%	1.39%
1.24	0.97	1.14	0.98	1.34	1.82	1.51	1.60
1.18	1.16	1.23	0.99	1.26	1.62	1.09	1.09
1.18	1.20	1.20	1.41	1.36	1.26	2.32	1.80
4.71	4.28	4.92	4.64	5.55	7.04	6.49	5.88
1.12	1.73	1.05	0.87	0.68	0.47	0.26	0.35
1.54	1.48	2.10	1.40	2.05	1.42	1.35	1.17
2.77	2.71	1.83	1.57	1.23	1.49	1.11	1.08
1.64	1.25	2.37	1.59	3.21	2.36	2.17	1.56
2.17	1.62	2.26	1.90	2.02	0.77	1.86	2.33
9.24	8.79	9.61	7.33	9.19	6.51	6.75	6.49

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL						
Salaries - executive	2.14%	1.94%	4.33%	0.00%	2.61%	0.73%
Direct wages	19.16	17.73	18.18	28.13	20.22	20.67
General factory salaries and wages	1.48	1.67	1.17	0.00	0.48	0.38
Packing, shipping and delivery wages	0.79	0.71	0.21	0.00	0.50	0.04
Payroll taxes	1.76	1.51	2.07	0.53	1.78	1.69
Employee benefits	1.98	1.93	1.32	1.02	1.27	0.87
TOTAL FACTORY PAYROLL	27.31	25.49	27.28	29.68	26.86	24.38
FACTORY EXPENSES						
Fixed Expenses						
Depreciation - real estate	0.27	0.36	0.10	0.03	0.13	0.09
Depreciation - other	3.30	3.19	5.11	3.49	3.84	4.41
Taxes - real estate	0.20	0.19	0.11	0.00	0.21	0.04
Taxes - other	0.20	0.15	0.19	0.00	0.14	0.03
Insurance	0.59	0.51	1.02	0.73	1.01	0.66
Building rent	1.77	1.39	4.37	3.60	3.07	3.23
Utilities - heat, light, etc.	1.14	1.00	1.32	0.54	1.29	1.15
Equipment rental	0.59	0.56	1.46	0.94	0.95	2.16
Total Fixed Expenses	8.06	7.35	13.68	9.33	10.64	11.77
Other Expenses						
Factory supplies and expense	1.81	1.65	0.90	0.00	1.48	2.48
Packing, shipping and delivery expense	1.02	0.98	1.38	0.00	0.91	1.04
Repairs and maintenance	1.33	1.25	1.71	1.47	1.59	2.07
Other factory expenses	0.70	0.57	0.64	2.30	0.61	0.05
Total Other Expenses	4.86	4.45	4.63	3.77	4.59	5.64
TOTAL FACTORY EXPENSES	12.92	11.80	18.31	13.10	15.23	17.41
ADMINISTRATIVE EXPENSES						
Salaries - executive	3.42	3.25	3.97	5.61	5.54	4.41
Salaries - office	2.71	2.39	3.25	1.67	3.47	4.97
Payroll taxes	0.41	0.35	0.49	0.00	0.66	0.46
Employee benefits	0.58	0.65	0.42	0.03	0.48	0.28
Bad debts	0.49	0.35	0.73	0.34	0.52	0.74
Office supplies and expenses	0.55	0.47	1.08	0.34	0.80	0.68
Professional fees	0.65	0.63	0.63	0.54	0.87	1.28
Taxes - business	0.21	0.15	0.09	0.00	0.38	0.16
Telephone	0.57	0.48	1.09	0.37	0.82	0.92
Other administrative expenses	1.49	1.31	1.31	0.87	1.39	1.66
TOTAL ADMINISTRATIVE EXPENSES	11.08	10.03	13.06	9.77	14.93	15.56
SELLING EXPENSES						
Salaries - executive	1.47	1.29	2.49	0.83	1.50	0.72
Salaries and commissions - salesmen	3.95	3.19	0.87	0.00	1.65	1.26
Salaries - sales office clerical	0.65	0.63	0.37	1.03	0.41	0.00
Payroll taxes	0.34	0.24	0.26	0.00	0.24	0.04
Employee benefits	0.35	0.32	0.12	0.03	0.19	0.06
Advertising	0.50	0.49	0.84	0.82	0.86	1.07
Travel and entertainment	0.93	0.78	0.95	0.19	0.93	0.97
Other selling expenses	0.71	0.65	0.28	0.00	0.67	0.72
TOTAL SELLING EXPENSES	8.90	7.59	6.18	2.90	6.45	4.84

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.20%	2.50%	1.92%	1.88%	1.77%	1.49%	1.88%	2.05%
19.73	17.45	19.14	17.11	17.57	16.32	18.61	18.70
0.79	1.02	1.79	1.43	2.38	2.79	2.81	3.32
0.65	0.55	0.95	0.71	0.94	1.14	0.95	1.08
1.75	1.34	1.72	1.52	1.67	1.58	1.95	1.87
1.63	1.32	2.02	1.92	2.60	2.71	3.49	3.16
26.75	24.18	27.54	24.57	26.93	26.03	29.69	30.18
0.30	0.44	0.27	0.40	0.32	0.31	0.31	0.33
3.46	3.30	3.16	3.29	2.82	2.73	2.60	2.51
0.17	0.20	0.23	0.17	0.19	0.21	0.25	0.32
0.24	0.15	0.18	0.16	0.21	0.18	0.23	0.20
0.72	0.58	0.49	0.60	0.31	0.29	0.21	0.25
2.17	1.92	1.39	1.05	0.73	0.73	0.64	0.48
1.07	0.98	1.11	0.87	1.15	1.15	1.27	1.17
0.61	0.74	0.49	0.37	0.41	0.28	0.33	0.08
8.74	8.31	7.32	6.91	6.14	5.88	5.84	5.34
1.57	1.11	1.99	1.68	2.11	1.97	2.19	2.36
1.14	1.09	0.99	0.95	0.97	1.21	0.74	0.64
1.23	1.15	1.26	1.08	1.37	1.18	1.46	1.52
0.66	0.52	0.61	0.65	1.13	0.44	0.90	0.66
4.60	3.87	4.85	4.36	5.58	4.80	5.29	5.18
13.34	12.18	12.17	11.27	11.72	10.68	11.13	10.52
4.21	4.08	2.94	3.23	2.29	2.50	1.41	1.32
3.24	2.67	2.43	2.21	1.95	1.88	1.96	1.54
0.49	0.44	0.36	0.41	0.26	0.20	0.23	0.17
0.61	0.70	0.62	0.83	0.52	0.60	0.52	0.46
0.56	0.42	0.44	0.22	0.41	0.37	0.46	0.29
0.57	0.57	0.52	0.44	0.33	0.33	0.32	0.34
0.72	0.72	0.59	0.55	0.61	0.53	0.42	0.42
0.22	0.13	0.21	0.17	0.12	0.12	0.14	0.18
0.66	0.62	0.46	0.43	0.43	0.32	0.33	0.24
1.57	1.32	1.51	1.42	1.37	1.23	1.42	1.00
12.85	11.67	10.08	9.91	8.29	8.08	7.21	5.96
1.73	1.71	1.34	1.05	1.28	1.78	0.87	0.69
3.89	2.74	4.57	3.35	4.93	4.40	4.11	3.78
0.50	0.29	0.67	0.56	0.90	0.94	1.27	1.54
0.36	0.21	0.36	0.30	0.33	0.25	0.31	0.30
0.32	0.22	0.37	0.29	0.45	0.64	0.47	0.46
0.54	0.45	0.43	0.62	0.36	0.23	0.31	0.21
0.94	0.88	0.95	0.81	0.91	0.56	0.85	0.68
0.67	0.58	0.70	0.57	0.71	0.70	1.20	1.02
8.95	7.08	9.39	7.55	9.87	9.50	9.39	8.68

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS						
CURRENT ASSETS						
Cash	6.77%	10.72%	4.37%	0.29%	7.18%	6.96%
Receivables	33.19	30.93	29.45	40.54	31.69	31.47
Inventories	12.18	10.35	13.36	11.18	9.51	6.44
Other current assets	4.17	7.16	2.36	1.98	4.20	5.75
TOTAL CURRENT ASSETS	56.31	59.16	49.54	53.99	52.58	50.62
FIXED ASSETS						
Real estate	9.06	10.66	2.47	0.00	7.44	11.34
Less: Accumulated depreciation	2.93	3.10	0.48	0.00	2.22	4.16
	6.13	7.56	1.99	0.00	5.22	7.18
Machinery and equipment	67.53	55.61	81.93	67.09	83.42	61.37
Less: Accumulated depreciation	38.08	29.78	45.75	29.16	48.38	25.29
	29.45	25.83	36.18	37.93	35.04	36.08
Other fixed assets	8.34	6.91	12.95	1.69	7.90	11.28
Less: Accumulated depreciation	4.37	3.43	5.04	1.40	4.57	7.51
	3.97	3.48	7.91	0.29	3.33	3.77
NET FIXED ASSETS	39.55	36.87	46.08	38.22	43.59	47.03
OTHER ASSETS	4.14	3.97	4.38	7.79	3.83	2.35
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Notes payable	9.02	4.67	10.51	2.78	10.57	13.74
Accounts payable	14.62	10.60	18.43	23.49	15.67	14.41
Other current liabilities	9.44	9.66	7.15	0.29	9.65	4.00
TOTAL CURRENT LIABILITIES	33.08	24.93	36.09	26.56	35.89	32.15
LONG-TERM LIABILITIES	28.20	20.09	44.21	8.64	36.30	27.24
TOTAL LIABILITIES	61.28	45.02	80.30	35.20	72.19	59.39
SHAREHOLDERS' AND PROPRIETORS' EQUITY	38.72	54.98	19.70	64.80	27.81	40.61
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.70	2.37	1.37	2.03	1.47	1.57
QUICK RATIO	1.33	1.96	1.00	1.61	1.20	1.37
TOTAL LIABILITIES TO EQUITY	1.58	0.82	4.08	0.54	2.60	1.46
LONG-TERM LIABILITIES TO EQUITY	0.73	0.37	2.24	0.13	1.31	0.67
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.56	0.54	0.56	0.43	0.58	0.41

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
7.67%	12.54%	7.08%	12.11%	5.77%	9.58%	3.55%	7.44%
34.14	33.19	33.83	28.07	32.79	29.79	30.78	32.00
11.53	8.75	12.13	9.84	12.96	13.11	17.04	14.09
4.08	4.98	4.34	9.73	3.91	6.81	4.83	8.04
57.42	59.46	57.38	59.75	55.43	59.29	56.20	61.57
7.94	9.26	8.64	9.61	12.89	13.72	15.58	14.03
2.49	2.79	2.95	2.74	3.92	3.87	5.42	3.72
5.45	6.47	5.69	6.87	8.97	9.85	10.16	10.31
71.81	60.62	64.55	55.29	58.03	51.36	51.28	44.96
42.50	33.00	36.26	31.47	29.25	28.10	25.35	22.20
29.31	27.62	28.29	23.82	28.78	23.26	25.93	22.76
9.37	6.71	8.37	7.59	6.48	7.18	5.26	4.11
4.89	3.23	4.52	3.51	3.29	3.93	2.50	1.55
4.48	3.48	3.85	4.08	3.19	3.25	2.76	2.56
39.24	37.57	37.83	34.77	40.94	36.36	38.85	35.63
3.34	2.97	4.79	5.48	3.63	4.35	4.95	2.80
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
8.94	5.11	8.92	4.60	10.00	2.96	5.26	1.57
15.64	11.47	14.07	9.68	13.36	8.91	12.07	9.18
8.03	7.55	10.15	10.97	10.16	13.43	11.03	11.36
32.61	24.13	33.14	25.25	33.52	25.30	28.36	22.11
28.13	21.83	26.80	18.16	27.39	25.02	17.43	13.19
60.74	45.96	59.94	43.41	60.91	50.32	45.79	35.30
39.26	54.04	40.06	56.59	39.09	49.68	54.21	64.70
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.76	2.46	1.73	2.37	1.65	2.34	1.98	2.78
1.41	2.10	1.37	1.98	1.27	1.83	1.38	2.15
1.55	0.85	1.50	0.77	1.56	1.01	0.84	0.55
0.72	0.40	0.67	0.32	0.70	0.50	0.32	0.20
0.59	0.54	0.56	0.57	0.50	0.55	0.49	0.49

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT						
Average assets per employee - All employees	$ 31,242	$ 36,771	$ 25,786	$ 18,928	$ 18,950	$ 20,997
Average assets per factory employee (Excluding Executives)	46,390	51,638	44,032	24,162	30,839	30,634
Average net worth per employee - All employees	12,682	20,755	8,978	13,007	4,661	7,549
Average gross plant investment per factory employee (Excluding Executives)	37,641	36,731	40,745	16,449	29,687	24,730
Net worth percentage of fixed assets	138.36%	261.77%	50.13%	162.89%	153.55%	646.08%
EMPLOYEES						
Percent factory - All employees	72.53%	75.47%	71.33%	77.95%	69.18%	70.59%
Percent administrative - All employees	15.25	14.27	20.22	15.91	22.70	25.97
Percent sales - All employees	12.22	10.26	8.45	6.14	8.12	3.44
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES						
Sales per employee - All employees	$ 61,199	$ 65,949	$ 42,454	$ 51,580	$ 45,880	$ 48,949
Sales per factory employee	85,955	88,097	62,275	65,689	68,811	69,646
Sales less material per factory employee	54,987	57,825	41,935	46,188	45,613	48,365
Sales per administrative employee	500,269	617,290	197,639	333,326	210,923	180,579
EXCLUDING EXECUTIVES						
Sales per employee - All employees	69,537	73,411	62,383	59,608	58,206	54,986
Sales per factory employee	91,737	92,904	80,399	65,689	75,072	70,842
Sales less material per factory employee	58,709	61,026	54,089	46,188	49,803	49,229
SALES PER SALESMAN	484,707	632,108	133,665	0	127,494	0
SALES TO CURRENT ASSETS	432%	389%	579%	567%	697%	889%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES						
Total payroll percentage of sales	41.19%	37.81%	39.52%	38.88%	41.00%	36.57%
Factory payroll percentage of gross plant investment	80.49	85.43	81.11	118.16	91.50	138.92
Payroll per employee - All employees	$ 24,610	$ 24,221	$ 15,947	$ 19,479	$ 18,168	$ 16,416
Payroll per factory employee	22,429	21,556	15,721	19,258	17,185	16,372
Payroll per administrative employee	28,849	31,658	12,835	24,667	18,506	14,218
Payroll per sales employee	33,386	34,182	9,953	6,574	14,284	9,274
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES						
Payroll per employee - All employees	$ 19,202	$ 18,483	$ 12,502	$ 17,531	$ 14,233	$ 13,890
Payroll per factory employee	18,600	17,752	12,889	18,236	14,697	14,550
Payroll per administrative employee	15,194	14,861	7,972	8,108	10,028	9,247
Payroll per sales employee	25,524	24,357	3,923	5,027	7,495	4,089
EXECUTIVE PAYROLL						
Payroll per executive - All executives	42,461	47,041	17,300	25,279	23,397	20,615
Payroll per factory executive	27,147	31,243	9,847	0	12,796	8,538
Payroll per administrative executive	47,156	54,028	12,662	24,850	22,090	19,091
Payroll per sales executive	34,058	40,411	8,786	10,135	8,687	4,632
RECEIVABLES						
Collection period	58.9	59.2	51.3	55.5	46.5	50.3
PROFIT						
Gross profit percentage of sales	24.81%	29.55%	21.32%	27.55%	24.96%	28.39%
Average gross profit per factory employee	$ 23,170	$ 27,623	$ 18,002	$ 18,238	$ 19,600	$ 20,366
Income (loss) before taxes percentage of sales	3.46%	11.88%	(0.31)%	15.00%	1.85%	10.47%
Average income before taxes per employee	$ 2,396	$ 7,943	$ 135	$ 8,254	$ 1,066	$ 5,266

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 26,003	$ 30,421	$ 33,510	$ 40,812	$ 43,993	$ 45,334	$ 40,221	$ 42,895
41,759	47,289	48,555	55,661	61,414	61,422	52,857	55,394
10,864	17,147	13,647	24,405	17,046	21,789	21,323	26,905
35,097	33,233	38,974	41,103	46,065	43,614	36,961	35,681
140.69%	281.33%	145.22%	234.70%	110.74%	154.91%	159.44%	221.76%
68.79%	71.79%	73.70%	76.75%	76.50%	76.63%	80.41%	82.03%
18.23	17.53	13.14	13.19	10.65	10.86	8.79	6.97
12.98	10.68	13.16	10.06	12.85	12.51	10.80	11.00
$ 54,356	$ 57,710	$ 65,159	$ 69,468	$ 77,246	$ 79,174	$ 73,352	$ 72,951
81,575	82,288	90,050	91,062	102,302	104,048	91,923	89,395
53,404	54,047	56,797	59,361	63,339	67,368	58,301	58,905
336,556	381,440	547,636	628,059	772,482	786,007	1,048,386	1,207,805
63,337	67,893	72,074	76,767	83,569	84,324	78,386	77,433
87,347	89,143	94,997	95,543	107,198	107,375	96,709	93,962
57,131	58,511	59,906	62,388	66,384	69,549	61,432	62,090
249,221	313,001	429,883	411,371	866,620	879,083	1,075,683	1,166,293
435%	398%	381%	341%	357%	315%	365%	299%
42.09%	37.23%	41.19%	36.80%	39.84%	39.22%	40.83%	40.44%
80.64	80.41	79.45	82.34	70.77	68.51	85.15	93.26
$ 22,284	$ 20,853	$ 26,218	$ 24,406	$ 30,553	$ 30,679	$ 29,480	$ 29,115
20,556	18,744	23,794	21,223	26,759	26,311	26,640	26,610
26,124	26,889	31,583	34,763	36,865	37,496	35,242	38,606
27,262	23,230	37,104	38,076	51,536	53,668	48,444	45,356
$ 17,338	$ 15,480	$ 20,536	$ 18,160	$ 23,730	$ 22,975	$ 22,828	$ 22,964
17,253	15,746	19,756	17,201	21,855	21,270	21,082	21,464
14,364	13,220	16,257	15,310	18,226	16,847	19,056	19,028
19,573	15,368	29,132	25,827	42,281	39,966	39,901	37,423
35,530	34,968	47,746	49,274	58,517	70,857	56,397	60,103
21,006	23,104	31,095	31,683	38,467	45,179	42,012	48,990
36,115	38,370	53,798	55,054	69,523	79,744	73,837	81,158
22,743	24,492	37,931	38,469	60,917	75,912	65,587	65,133
56.0	58.9	62.4	57.1	65.4	61.1	62.2	67.0
26.29%	30.84%	24.39%	30.40%	24.08%	29.03%	23.73%	25.90%
$ 23,536	$ 27,609	$ 23,506	$ 29,394	$ 26,038	$ 31,134	$ 23,016	$ 24,395
3.01%	11.28%	3.68%	12.92%	4.77%	11.85%	6.30%	11.27%
$ 1,864	$ 6,574	$ 2,566	$ 9,184	$ 3,755	$ 9,324	$ 4,552	$ 8,077

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT						
Current Assets:						
Cash	$ 3.43	$ 5.95	$ 3.08	$ 0.13	$ 2.79	$ 3.16
Receivables	15.61	15.89	13.80	15.05	12.50	13.75
Inventories	5.98	5.48	8.14	4.13	3.81	2.78
Marketable securities	0.94	2.70	0.00	0.00	0.28	0.32
Other current assets	1.26	1.70	0.91	0.74	1.26	2.34
	27.22	31.72	25.93	20.05	20.64	22.35
Plant Investment:						
Land and building	5.58	6.54	1.87	0.00	4.28	3.99
Machinery and equipment	32.58	29.70	41.31	24.83	34.23	26.62
Other fixed assets	3.91	3.64	6.38	0.64	2.92	4.57
	42.07	39.88	49.56	25.47	41.43	35.18
Non-Current Assets	2.23	2.41	1.89	2.80	1.48	0.72
TOTAL INVESTMENT	71.52	74.01	77.38	48.32	63.55	58.25
INVESTMENT TURNOVER PER $100 OF SALES	139.82%	135.12%	129.23%	206.95%	157.36%	171.67%
EARNINGS						
Cost of Product	$75.19	$70.45	$78.68	$72.45	$75.04	$71.61
Selling Expenses	8.90	7.59	6.18	2.90	6.45	4.84
Administrative Expenses	11.08	10.03	13.06	9.77	14.93	15.56
	95.17	88.07	97.92	85.12	96.42	92.01
Income Before Interest, Other Income, and Taxes	4.83	11.93	2.08	14.88	3.58	7.99
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.75%	16.12%	2.69%	30.79%	5.63%	13.72%

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 3.96	$ 7.06	$ 3.54	$ 6.36	$ 3.21	$ 5.71	$ 2.16	$ 4.66
14.92	15.83	16.38	15.35	17.45	16.35	16.66	17.94
5.31	4.47	6.08	5.41	6.96	7.20	8.55	7.62
0.83	1.61	1.00	3.22	1.16	3.36	2.12	4.78
1.27	1.52	1.29	2.50	1.45	1.12	0.96	0.69
26.29	30.49	28.29	32.84	30.23	33.74	30.45	35.69
4.88	5.24	5.48	6.97	8.18	8.43	8.64	8.59
32.57	31.21	32.62	30.66	31.33	29.22	27.38	26.42
4.20	3.26	4.06	4.29	3.52	4.07	2.76	2.53
41.65	39.71	42.16	41.92	43.03	41.72	38.78	37.54
1.62	1.70	2.71	3.29	2.31	3.29	3.26	1.91
69.56	71.90	73.16	78.05	75.57	78.75	72.49	75.14
143.76%	139.08%	136.69%	128.12%	132.33%	126.98%	137.95%	133.08%
$73.71	$69.16	$75.61	$69.60	$75.92	$70.97	$76.27	$74.10
8.95	7.08	9.39	7.55	9.87	9.50	9.39	8.68
12.85	11.67	10.08	9.91	8.29	8.08	7.21	5.96
95.51	87.91	95.08	87.06	94.08	88.55	92.87	88.74
4.49	12.09	4.92	12.94	5.92	11.45	7.13	11.26
6.45%	16.81%	6.73%	16.58%	7.83%	14.54%	9.84%	14.98%

REPORT ON OPERATIONS - VALUE ADDED = 100% - ALL FIRMS AND PROFIT LEADERS

	NEW ENGLAND AND UP-STATE NEW YORK		METROPOLITAN NEW YORK AND NEW JERSEY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	44.04	43.48	35.04	25.72
FACTORY EXPENSES	19.76	15.74	22.41	22.19
TOTAL FACTORY COST OF PRODUCT	63.80	59.22	57.45	47.91
GROSS PROFIT	36.20	40.78	42.55	52.09
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	16.08	11.64	17.68	8.04
Selling expenses	13.42	12.38	13.14	11.74
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	29.50	24.02	30.82	19.78
INCOME BEFORE INTEREST EXPENSE	6.70	16.76	11.73	32.31
Interest expense	3.28	1.38	4.08	2.96
OPERATING INCOME	3.42	15.38	7.65	29.35
Other income (expense)	0.63	(0.64)	0.64	(0.20)
INCOME BEFORE INCOME TAXES	4.05	14.74	8.29	29.15

EASTERN PENNA., MARYLAND AND D.C.		SOUTHEAST ATLANTIC		EAST NORTH CENTRAL		SOUTH CEN...	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
43.90	42.70	41.31	35.53	43.98	42.39	42.17	40.85
19.37	16.44	21.75	18.85	18.80	17.01	20.04	15.88
63.27	59.14	63.06	54.38	62.78	59.40	62.21	56.73
36.73	40.86	36.94	45.62	37.22	40.60	37.79	43.27
16.12	11.04	17.35	15.30	14.66	13.37	17.11	14.66
12.74	11.77	13.37	13.39	14.15	13.16	15.23	13.66
28.86	22.81	30.72	28.69	28.81	26.53	32.34	28.32
7.87	18.05	6.22	16.93	8.41	14.07	5.45	14.95
2.44	2.50	3.00	2.15	3.09	1.37	3.10	1.97
5.43	15.55	3.22	14.78	5.32	12.70	2.35	12.98
0.68	1.20	1.27	3.84	1.47	1.54	1.60	2.98
6.11	16.75	4.49	18.62	6.79	14.24	3.95	15.96

SUPPORTING SCHEDULES - VALUE ADDED = 100% - ALL FIRMS AND PROFIT LEADERS

	NEW ENGLAND AND UP-STATE NEW YORK		METROPOLITAN NEW YORK AND NEW JERSEY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	4.22%	4.41%	2.23%	4.81%
Direct wages	30.08	29.47	24.40	14.73
General factory salaries and wages	2.11	2.04	2.14	0.00
Packing, shipping and delivery wages	1.20	1.32	0.65	0.29
Payroll taxes	3.07	2.70	2.52	1.68
Employee benefits	3.36	3.54	3.10	4.21
TOTAL FACTORY PAYROLL	44.04	43.48	35.04	25.72
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.32	0.34	0.52	1.71
Depreciation - other	5.09	5.23	6.58	9.33
Taxes - real estate	0.39	0.21	0.45	0.63
Taxes - other	0.24	0.03	0.13	0.08
Insurance	0.88	0.60	1.89	1.77
Building rent	2.14	1.44	2.33	1.32
Utilities - heat, light, etc.	2.19	1.67	2.37	2.10
Equipment rental	0.56	0.48	0.37	0.00
Total Fixed Expenses	11.81	10.00	14.64	16.94
Other Expenses				
Factory supplies and expense	3.05	1.72	2.30	1.00
Packing, shipping and delivery expense	1.54	0.82	1.36	1.74
Repairs and maintenance	2.12	2.20	2.48	1.47
Other factory expenses	1.24	1.00	1.63	1.04
Total Other Expenses	7.95	5.74	7.77	5.25
TOTAL FACTORY EXPENSES	19.76	15.74	22.41	22.19
ADMINISTRATIVE EXPENSES				
Salaries - executive	4.98	3.48	5.84	3.03
Salaries - office	3.81	2.73	4.20	1.29
Payroll taxes	0.75	0.44	0.96	0.33
Employee benefits	0.96	0.84	1.00	0.59
Bad debts	0.52	0.49	0.34	0.00
Office supplies and expenses	0.80	0.63	0.92	0.43
Professional fees	0.89	0.76	1.56	1.01
Taxes - business	0.11	0.22	0.30	0.01
Telephone	0.88	0.45	0.80	0.66
Other administrative expenses	2.38	1.60	1.76	0.69
TOTAL ADMINISTRATIVE EXPENSES	16.08	11.64	17.68	8.04
SELLING EXPENSES				
Salaries - executive	1.81	1.50	2.01	2.83
Salaries and commissions - salesmen	5.93	5.50	5.64	3.30
Salaries - sales office clerical	1.20	1.83	0.44	0.00
Payroll taxes	0.59	0.56	0.74	0.35
Employee benefits	0.65	0.94	0.32	0.28
Advertising	0.50	0.33	1.36	2.67
Travel and entertainment	1.76	1.43	1.10	0.65
Other selling expenses	0.98	0.29	1.53	1.66
TOTAL SELLING EXPENSES	13.42	12.38	13.14	11.74

EASTERN PENNA., MARYLAND AND D.C.		SOUTHEAST ATLANTIC		EAST NORTH CENTRAL		SOUTH CENTRAL	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.46%	2.98%	3.49%	3.83%	3.56%	4.07%	2.84%	2.34%
30.18	28.28	28.95	23.98	28.12	24.84	28.70	24.76
3.11	3.77	2.28	2.68	3.15	4.59	2.74	4.81
1.37	0.83	1.35	0.61	1.19	0.55	1.52	2.31
3.00	2.89	2.69	2.29	3.15	3.10	2.85	2.54
3.78	3.95	2.55	2.14	4.81	5.24	3.52	4.09
43.90	42.70	41.31	35.53	43.98	42.39	42.17	40.85
0.60	1.52	0.32	0.59	0.56	0.50	0.42	0.29
4.29	3.57	6.17	5.97	3.97	2.61	5.00	3.86
0.24	0.19	0.29	0.38	0.28	0.29	0.21	0.27
0.15	0.07	0.42	0.29	0.66	0.50	0.42	0.32
1.10	0.52	0.80	0.68	0.61	0.34	0.86	0.62
2.44	1.61	2.59	1.71	1.48	1.26	2.12	1.78
1.94	1.45	1.96	1.52	2.13	2.03	2.10	1.37
0.75	0.53	1.01	1.10	1.09	1.45	0.71	0.85
11.51	9.46	13.56	12.24	10.78	8.98	11.84	9.36
2.96	2.92	3.49	2.76	3.29	4.03	3.27	3.66
1.70	1.15	1.20	1.20	1.47	0.88	1.40	1.29
2.28	1.71	2.26	2.21	1.82	2.26	2.02	1.28
0.92	1.20	1.24	0.44	1.44	0.86	1.51	0.29
7.86	6.98	8.19	6.61	8.02	8.03	8.20	6.52
19.37	16.44	21.75	18.85	18.80	17.01	20.04	15.88
4.99	3.05	4.94	4.73	4.69	4.46	5.19	5.87
4.13	3.16	4.21	3.16	3.23	3.05	4.39	3.16
0.64	0.45	0.70	0.61	0.61	0.62	0.71	0.66
1.01	0.69	0.93	0.73	0.80	0.72	1.08	1.11
0.35	0.54	0.80	0.57	0.52	0.39	0.46	0.34
0.61	0.68	0.91	0.95	0.57	0.38	0.80	0.70
1.03	0.57	0.83	0.86	0.99	0.74	0.93	0.49
0.25	0.16	0.36	0.23	0.35	0.18	0.35	0.34
0.84	0.62	1.04	0.98	0.72	0.69	0.77	0.45
2.27	1.12	2.63	2.48	2.18	2.14	2.43	1.54
16.12	11.04	17.35	15.30	14.66	13.37	17.11	14.66
2.75	2.18	2.20	2.85	2.76	1.92	1.69	1.32
4.82	4.68	5.81	5.12	5.06	5.20	7.80	6.51
0.85	1.28	1.20	1.65	1.10	1.42	1.32	1.24
0.51	0.37	0.53	0.48	0.61	0.63	0.69	0.73
0.55	0.69	0.53	0.49	0.73	0.59	0.71	0.81
0.70	0.42	0.86	0.81	0.58	0.35	0.76	0.76
1.25	0.90	1.08	1.01	1.65	1.77	1.27	1.68
1.31	1.25	1.16	0.98	1.66	1.28	0.99	0.61
12.74	11.77	13.37	13.39	14.15	13.16	15.23	13.66

REPORT ON OPERATIONS - VALUE ADDED = 100% - ALL FIRMS AND PROFIT LEADERS

	CHICAGO AREA		WEST NORTH CENTRAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	43.36	34.45	42.43	40.40
FACTORY EXPENSES	19.10	13.28	18.05	16.54
TOTAL FACTORY COST OF PRODUCT	62.46	47.73	60.48	56.94
GROSS PROFIT	37.54	52.27	39.52	43.06
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	15.76	14.61	16.53	14.57
Selling expenses	14.27	11.64	14.48	9.91
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	30.03	26.25	31.01	24.48
INCOME BEFORE INTEREST EXPENSE	7.51	26.02	8.51	18.58
Interest expense	2.47	1.19	3.23	1.77
OPERATING INCOME	5.04	24.83	5.28	16.81
Other income	0.41	3.42	0.87	1.98
INCOME BEFORE INCOME TAXES	5.45	28.25	6.15	18.79

PLAINS AND MOUNTAIN STATES		PACIFIC SOUTHWEST		PACIFIC NORTHWEST		CANADA	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
40.05	35.18	38.14	36.42	39.96	34.78	44.51	38.50
20.82	19.28	21.63	19.84	20.89	18.96	17.97	16.44
60.87	54.46	59.77	56.26	60.85	53.74	62.48	54.94
39.13	45.54	40.23	43.74	39.15	46.26	37.52	45.06
18.42	19.95	17.68	15.38	18.36	15.19	16.66	14.66
13.18	10.32	14.15	9.35	13.55	12.27	13.81	10.35
31.60	30.27	31.83	24.73	31.91	27.46	30.47	25.01
7.53	15.27	8.40	19.01	7.24	18.80	7.05	20.05
2.80	1.29	2.93	2.26	3.74	4.69	3.82	2.42
4.73	13.98	5.47	16.75	3.50	14.11	3.23	17.63
1.73	3.50	0.65	1.04	1.25	0.87	1.21	2.34
6.46	17.48	6.12	17.79	4.75	14.98	4.44	19.97

SUPPORTING SCHEDULES - VALUE ADDED = 100% - ALL FIRMS AND PROFIT LEADERS

	CHICAGO AREA		WEST NORTH CENTRAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	3.11%	2.45%	3.85%	3.57%
Direct wages	29.26	21.62	29.05	26.97
General factory salaries and wages	1.97	1.88	1.74	1.83
Packing, shipping and delivery wages	1.60	2.79	1.28	1.00
Payroll taxes	3.25	2.76	2.96	2.87
Employee benefits	4.17	2.95	3.55	4.16
TOTAL FACTORY PAYROLL	43.36	34.45	42.43	40.40
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.43	0.35	0.36	0.69
Depreciation - other	5.48	3.37	4.86	5.11
Taxes - real estate	0.46	0.54	0.28	0.20
Taxes - other	0.19	0.00	0.15	0.13
Insurance	0.77	0.73	0.91	0.60
Building rent	2.26	1.05	2.35	1.51
Utilities - heat, light, etc.	2.06	1.69	1.59	2.17
Equipment rental	0.41	0.00	0.74	0.30
Total Fixed Expenses	12.06	7.73	11.24	10.71
Other Expenses				
Factory supplies and expense	2.52	0.90	2.70	2.56
Packing, shipping and delivery expense	1.41	2.30	1.79	1.07
Repairs and maintenance	2.05	1.88	1.64	1.85
Other factory expenses	1.06	0.47	0.68	0.35
Total Other Expenses	7.04	5.55	6.81	5.83
TOTAL FACTORY EXPENSES	19.10	13.28	18.05	16.54
ADMINISTRATIVE EXPENSES				
Salaries - executive	4.94	6.57	5.94	4.37
Salaries - office	3.46	2.25	3.33	3.63
Payroll taxes	0.54	0.31	0.71	0.56
Employee benefits	1.01	1.48	0.90	1.07
Bad debts	0.54	0.17	0.58	0.35
Office supplies and expenses	0.83	0.43	0.79	0.63
Professional fees	0.85	0.73	1.09	1.20
Taxes - business	0.34	0.14	0.14	0.02
Telephone	0.85	0.40	0.66	0.61
Other administrative expenses	2.40	2.13	2.39	2.05
TOTAL ADMINISTRATIVE EXPENSES	15.76	14.61	16.53	14.57
SELLING EXPENSES				
Salaries - executive	2.35	0.15	3.19	0.91
Salaries and commissions - salesmen	5.90	5.89	5.95	4.74
Salaries - sales office clerical	0.96	0.13	1.07	1.14
Payroll taxes	0.53	0.11	0.61	0.34
Employee benefits	0.61	0.09	0.65	0.53
Advertising	0.35	0.30	0.79	0.61
Travel and entertainment	1.48	1.27	1.52	0.79
Other selling expenses	2.09	3.70	0.70	0.85
TOTAL SELLING EXPENSES	14.27	11.64	14.48	9.91

PLAINS AND MOUNTAIN STATES		PACIFIC SOUTHWEST		PACIFIC NORTHWEST		CANADA	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.08%	3.38%	2.99%	1.57%	2.37%	2.15%	3.87%	1.68%
27.79	24.58	28.02	26.18	28.85	25.83	32.67	30.91
2.76	1.95	1.23	2.84	1.42	0.89	2.83	1.90
1.27	0.93	0.99	1.24	0.91	0.88	1.15	1.05
2.71	2.26	2.60	2.48	3.42	3.06	1.58	0.58
2.44	2.08	2.31	2.11	2.99	1.97	2.41	2.38
40.05	35.18	38.14	36.42	39.96	34.78	44.51	38.50
0.48	0.67	0.21	0.02	0.46	0.89	0.46	0.21
5.61	5.37	4.83	4.50	5.52	6.06	4.61	4.20
0.25	0.24	0.11	0.03	0.18	0.18	0.53	0.48
0.40	0.27	0.43	0.26	0.42	0.48	0.14	0.11
1.03	1.01	1.29	1.57	1.00	0.69	0.56	0.51
2.49	1.98	4.02	4.26	4.21	2.73	2.73	2.09
1.90	1.76	1.53	1.20	1.21	1.21	1.35	1.01
1.35	1.36	1.29	0.86	1.28	1.03	0.63	0.46
13.51	12.66	13.71	12.70	14.28	13.27	11.01	9.07
2.78	2.63	3.29	2.02	2.32	1.94	1.93	2.08
1.57	1.51	1.72	1.88	1.38	1.16	1.88	2.22
1.83	1.75	2.17	2.17	1.78	1.27	2.17	1.88
1.13	0.73	0.74	1.07	1.13	1.32	0.98	1.19
7.31	6.62	7.92	7.14	6.61	5.69	6.96	7.37
20.82	19.28	21.63	19.84	20.89	18.96	17.97	16.44
6.31	6.88	5.34	2.78	5.79	5.71	4.47	5.29
4.64	5.03	4.30	4.06	3.82	2.40	4.69	3.82
0.74	0.78	0.63	0.59	0.78	0.75	0.30	0.11
0.91	1.39	0.94	1.46	1.02	1.23	0.57	0.61
0.90	0.84	0.80	0.20	0.91	0.36	1.29	0.77
0.88	0.79	0.92	0.80	0.78	0.59	1.01	0.63
0.79	1.05	1.17	1.35	1.11	1.13	1.14	0.99
0.22	0.26	0.22	0.37	0.83	0.41	0.31	0.16
0.77	0.67	0.98	0.95	0.92	0.73	0.96	0.74
2.26	2.26	2.38	2.82	2.40	1.88	1.92	1.54
18.42	19.95	17.68	15.38	18.36	15.19	16.66	14.66
2.85	3.05	2.12	1.18	1.92	1.84	2.10	1.77
5.72	4.00	6.61	3.54	6.67	6.30	6.41	4.32
0.87	0.50	0.79	0.79	0.88	0.95	0.98	0.42
0.54	0.32	0.56	0.30	0.64	0.57	0.22	0.03
0.43	0.44	0.48	0.25	0.62	0.50	0.36	0.31
0.84	0.83	0.79	1.00	0.86	0.70	0.88	0.69
0.98	0.35	1.73	1.52	1.20	0.96	1.81	1.67
0.95	0.83	1.07	0.77	0.76	0.45	1.05	1.14
13.18	10.32	14.15	9.35	13.55	12.27	13.81	10.35

REPORT ON OPERATIONS - SALES = 100% - ALL FIRMS AND PROFIT LEADERS

	NEW ENGLAND AND UP-STATE NEW YORK		METROPOLITAN NEW YORK AND NEW JERSEY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	20.61	20.47	20.03	17.13
Other chargeable materials	4.94	4.78	5.18	6.11
Outside services	7.30	6.43	9.73	10.04
TOTAL MATERIALS	32.85	31.68	34.94	33.28
FACTORY PAYROLL	29.53	29.65	22.22	17.28
FACTORY EXPENSES	13.29	10.71	14.84	15.05
TOTAL FACTORY COST OF PRODUCT	75.67	72.04	72.00	65.61
GROSS PROFIT	24.33	27.96	28.00	34.39
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.87	8.03	11.98	5.43
Selling expenses	8.99	8.41	8.39	7.81
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	19.86	16.44	20.37	13.24
INCOME BEFORE INTEREST EXPENSE	4.47	11.52	7.63	21.15
Interest expense	2.20	0.90	2.51	1.91
OPERATING INCOME	2.27	10.62	5.12	19.24
Other income (expense)	0.43	(0.50)	0.22	(0.06)
INCOME BEFORE INCOME TAXES	2.70	10.12	5.34	19.18

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	1.21%	1.62%	1.61%	1.21%
Film	1.12	1.01	0.92	1.46
Plates	1.51	1.26	2.09	1.50
Other chargeable materials	1.10	0.89	0.56	1.94
TOTAL OTHER CHARGEABLE MATERIALS	4.94	4.78	5.18	6.11
OUTSIDE SERVICES				
Composition	0.64	0.01	0.13	0.10
Offset preparation	1.15	1.98	1.34	1.02
Printing	1.70	0.63	0.98	0.00
Binding	2.21	3.78	6.35	6.90
Other outside services	1.60	0.03	0.93	2.02
TOTAL OUTSIDE SERVICES	7.30	6.43	9.73	10.04

EASTERN PENNA., MARYLAND AND D.C.		SOUTHEAST ATLANTIC		EAST NORTH CENTRAL		SOUTH CENTRAL	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
19.43	20.69	22.87	21.52	20.91	21.86	21.68	21.12
5.34	4.94	4.99	4.78	6.11	6.50	4.62	4.77
8.66	7.52	6.70	7.80	6.11	3.47	9.35	5.05
33.43	33.15	34.56	34.10	33.13	31.83	35.65	30.94
29.43	28.87	27.04	23.41	29.36	28.92	27.18	28.41
12.82	10.79	14.23	12.41	12.61	11.61	12.84	11.01
75.68	72.81	75.83	69.92	75.10	72.36	75.67	70.36
24.32	27.19	24.17	30.08	24.90	27.64	24.33	29.64
10.71	7.36	11.36	10.14	9.88	9.10	11.05	9.96
8.43	8.09	8.69	8.75	9.30	8.94	9.68	9.38
19.14	15.45	20.05	18.89	19.18	18.04	20.73	19.34
5.18	11.74	4.12	11.19	5.72	9.60	3.60	10.30
1.58	1.56	1.94	1.40	2.05	0.93	1.95	1.46
3.60	10.18	2.18	9.79	3.67	8.67	1.65	8.84
0.43	0.77	0.79	2.35	0.98	1.05	0.92	2.14
4.03	10.95	2.97	12.14	4.65	9.72	2.57	10.98
1.23%	1.20%	1.18%	1.26%	1.29%	1.35%	1.26%	1.74%
1.13	1.27	1.27	1.66	1.24	1.06	1.15	1.19
1.37	0.77	1.40	1.16	1.16	1.34	1.05	0.69
1.61	1.70	1.14	0.70	2.42	2.75	1.16	1.15
5.34	4.94	4.99	4.78	6.11	6.50	4.62	4.77
1.20	1.31	1.01	2.40	0.52	0.12	0.71	0.85
0.97	0.89	1.40	1.21	1.56	0.59	2.34	1.05
1.66	1.68	1.50	2.17	1.03	0.86	1.41	1.33
2.51	1.86	0.86	0.83	1.85	0.83	1.80	0.39
2.32	1.78	1.93	1.19	1.15	1.07	3.09	1.43
8.66	7.52	6.70	7.80	6.11	3.47	9.35	5.05

SUPPORTING SCHEDULES - SALES = 100% - ALL FIRMS AND PROFIT LEADERS

	NEW ENGLAND AND UP-STATE NEW YORK		METROPOLITAN NEW YORK AND NEW JERSEY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.86%	3.14%	1.46%	3.19%
Direct wages	20.13	19.97	15.67	9.88
General factory salaries and wages	1.40	1.32	1.19	0.00
Packing, shipping and delivery wages	0.80	0.92	0.38	0.21
Payroll taxes	2.06	1.84	1.65	1.14
Employee benefits	2.28	2.46	1.87	2.86
TOTAL FACTORY PAYROLL	29.53	29.65	22.22	17.28
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.22	0.25	0.33	1.23
Depreciation - other	3.43	3.53	4.11	6.38
Taxes - real estate	0.26	0.14	0.28	0.45
Taxes - other	0.17	0.02	0.09	0.06
Insurance	0.60	0.42	1.31	1.11
Building rent	1.45	1.01	1.58	0.87
Utilities - heat, light, etc.	1.47	1.12	1.52	1.40
Equipment rental	0.37	0.35	0.32	0.00
Total Fixed Expenses	7.97	6.84	9.54	11.50
Other Expenses				
Factory supplies and expense	2.03	1.14	1.44	0.65
Packing, shipping and delivery expense	1.03	0.56	0.94	1.18
Repairs and maintenance	1.42	1.50	1.59	0.97
Other factory expenses	0.84	0.67	1.33	0.75
Total Other Expenses	5.32	3.87	5.30	3.55
TOTAL FACTORY EXPENSES	13.29	10.71	14.84	15.05
ADMINISTRATIVE EXPENSES				
Salaries - executive	3.39	2.41	4.07	2.05
Salaries - office	2.59	1.90	2.82	0.88
Payroll taxes	0.51	0.31	0.69	0.22
Employee benefits	0.65	0.59	0.61	0.39
Bad debts	0.35	0.33	0.21	0.00
Office supplies and expenses	0.54	0.44	0.62	0.27
Professional fees	0.59	0.51	1.00	0.69
Taxes - business	0.07	0.14	0.23	0.01
Telephone	0.59	0.31	0.53	0.43
Other administrative expenses	1.59	1.09	1.20	0.49
TOTAL ADMINISTRATIVE EXPENSES	10.87	8.03	11.98	5.43
SELLING EXPENSES				
Salaries - executive	1.21	1.02	1.43	1.74
Salaries and commissions - salesmen	3.96	3.73	3.37	2.38
Salaries - sales office clerical	0.82	1.25	0.24	0.00
Payroll taxes	0.40	0.38	0.52	0.23
Employee benefits	0.44	0.66	0.20	0.20
Advertising	0.34	0.23	0.92	1.64
Travel and entertainment	1.18	0.95	0.75	0.47
Other selling expenses	0.64	0.19	0.96	1.15
TOTAL SELLING EXPENSES	8.99	8.41	8.39	7.81

EASTERN PENNA., MARYLAND AND D.C.		SOUTHEAST ATLANTIC		EAST NORTH CENTRAL		SOUTH CENTRAL	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.65%	2.09%	2.32%	2.62%	2.35%	2.79%	1.85%	1.60%
20.25	18.85	18.97	15.79	18.81	16.95	18.47	17.07
2.07	2.65	1.46	1.71	2.09	3.12	1.78	3.45
0.91	0.58	0.86	0.38	0.78	0.38	0.99	1.68
2.02	1.96	1.77	1.52	2.11	2.11	1.84	1.77
2.53	2.74	1.66	1.39	3.22	3.57	2.25	2.84
29.43	28.87	27.04	23.41	29.36	28.92	27.18	28.41
0.35	0.81	0.21	0.39	0.36	0.34	0.25	0.21
2.85	2.40	4.09	3.96	2.67	1.79	3.18	2.73
0.16	0.13	0.19	0.26	0.19	0.20	0.14	0.19
0.10	0.05	0.27	0.19	0.44	0.34	0.27	0.22
0.74	0.34	0.53	0.46	0.40	0.23	0.56	0.43
1.62	1.13	1.69	1.10	1.02	0.85	1.38	1.19
1.28	0.96	1.28	1.01	1.42	1.38	1.34	0.98
0.50	0.35	0.68	0.77	0.73	1.00	0.47	0.55
7.60	6.17	8.94	8.14	7.23	6.13	7.59	6.50
2.00	2.01	2.25	1.74	2.18	2.76	2.13	2.54
1.12	0.77	0.77	0.78	0.99	0.58	0.90	0.90
1.52	1.15	1.47	1.45	1.23	1.55	1.28	0.87
0.58	0.69	0.80	0.30	0.98	0.59	0.94	0.20
5.22	4.62	5.29	4.27	5.38	5.48	5.25	4.51
12.82	10.79	14.23	12.41	12.61	11.61	12.84	11.01
3.31	2.02	3.28	3.18	3.24	3.03	3.33	3.94
2.76	2.07	2.74	2.03	2.17	2.10	2.85	2.12
0.43	0.30	0.46	0.41	0.41	0.42	0.46	0.43
0.66	0.46	0.61	0.49	0.53	0.49	0.69	0.78
0.23	0.34	0.52	0.38	0.35	0.26	0.29	0.23
0.40	0.46	0.59	0.63	0.38	0.26	0.53	0.50
0.68	0.40	0.54	0.58	0.64	0.50	0.60	0.33
0.17	0.11	0.24	0.14	0.23	0.12	0.23	0.24
0.56	0.41	0.68	0.65	0.48	0.48	0.50	0.30
1.51	0.79	1.70	1.65	1.45	1.44	1.57	1.09
10.71	7.36	11.36	10.14	9.88	9.10	11.05	9.96
1.77	1.47	1.42	1.85	1.77	1.29	1.09	0.90
3.24	3.25	3.76	3.36	3.36	3.53	4.91	4.44
0.56	0.88	0.79	1.08	0.72	0.97	0.87	0.83
0.34	0.26	0.34	0.31	0.40	0.43	0.44	0.49
0.37	0.49	0.35	0.31	0.49	0.41	0.44	0.55
0.47	0.29	0.57	0.55	0.39	0.24	0.50	0.55
0.83	0.61	0.70	0.65	1.09	1.20	0.81	1.19
0.85	0.84	0.76	0.64	1.08	0.87	0.62	0.43
8.43	8.09	8.69	8.75	9.30	8.94	9.68	9.38

REPORT ON OPERATIONS - SALES = 100% - ALL FIRMS AND PROFIT LEADERS

	CHICAGO AREA		WEST NORTH CENTRAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	21.14	14.23	22.54	26.03
Other chargeable materials	4.43	4.77	5.66	5.00
Outside services	9.63	10.24	8.82	8.18
TOTAL MATERIALS	35.20	29.24	37.02	39.21
FACTORY PAYROLL	28.04	24.48	26.70	24.56
FACTORY EXPENSES	12.39	9.40	11.44	10.18
TOTAL FACTORY COST OF PRODUCT	75.63	63.12	75.16	73.95
GROSS PROFIT	24.37	36.88	24.84	26.05
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.12	10.10	10.44	8.88
Selling expenses	9.34	8.15	9.17	5.98
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	19.46	18.25	19.61	14.86
INCOME BEFORE INTEREST EXPENSE	4.91	18.63	5.23	11.19
Interest expense	1.56	0.78	2.04	1.15
OPERATING INCOME	3.35	17.85	3.19	10.04
Other income	0.28	2.42	0.55	1.29
INCOME BEFORE INCOME TAXES	3.63	20.27	3.74	11.33

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	1.24%	0.66%	1.54%	2.07%
Film	1.25	1.05	1.36	0.96
Plates	1.32	2.20	1.03	1.19
Other chargeable materials	0.62	0.86	1.73	0.78
TOTAL OTHER CHARGEABLE MATERIALS	4.43	4.77	5.66	5.00
OUTSIDE SERVICES				
Composition	0.80	1.43	0.53	0.42
Offset preparation	1.99	0.00	2.38	2.88
Printing	3.35	2.21	1.95	1.55
Binding	1.43	5.06	1.98	0.94
Other outside services	2.06	1.54	1.98	2.39
TOTAL OUTSIDE SERVICES	9.63	10.24	8.82	8.18

PLAINS AND MOUNTAIN STATES		PACIFIC SOUTHWEST		PACIFIC NORTHWEST		CANADA	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
19.23	18.41	20.19	20.03	19.50	19.97	21.50	20.47
5.36	5.36	4.20	2.91	4.98	5.16	5.29	5.58
9.63	6.91	11.74	11.79	9.76	7.77	9.54	7.45
34.22	30.68	36.13	34.73	34.24	32.90	36.33	33.50
26.33	24.46	24.38	23.93	26.25	23.28	28.30	25.89
13.66	13.28	13.76	12.82	13.73	12.81	11.43	10.92
74.21	68.42	74.27	71.48	74.22	68.99	76.06	70.31
25.79	31.58	25.73	28.52	25.78	31.01	23.94	29.69
12.22	14.01	11.34	10.01	12.03	10.16	10.62	9.68
8.53	7.08	9.02	6.29	8.84	8.20	8.71	6.81
20.75	21.09	20.36	16.30	20.87	18.36	19.33	16.49
5.04	10.49	5.37	12.22	4.91	12.65	4.61	13.20
1.82	0.87	1.87	1.48	2.46	3.19	2.40	1.68
3.22	9.62	3.50	10.74	2.45	9.46	2.21	11.52
1.19	2.49	0.40	0.68	0.74	0.60	0.75	1.53
4.41	12.11	3.90	11.42	3.19	10.06	2.96	13.05
1.26%	0.79%	1.42%	1.09%	1.30%	1.57%	1.24%	1.24%
1.38	1.20	0.98	1.23	1.06	1.01	1.38	1.27
1.16	0.80	1.08	0.39	1.06	0.86	1.15	2.15
1.56	2.57	0.72	0.20	1.56	1.72	1.52	0.92
5.36	5.36	4.20	2.91	4.98	5.16	5.29	5.58
1.34	1.20	1.18	1.45	0.98	0.23	1.20	1.19
1.16	0.86	2.48	3.52	1.02	1.51	2.12	1.34
3.03	1.81	3.85	3.59	3.25	1.37	2.28	2.83
2.10	1.15	2.69	1.58	2.41	2.94	1.95	0.58
2.00	1.89	1.54	1.65	2.10	1.72	1.99	1.51
9.63	6.91	11.74	11.79	9.76	7.77	9.54	7.45

SUPPORTING SCHEDULES - SALES = 100% - ALL FIRMS AND PROFIT LEADERS

	CHICAGO AREA		WEST NORTH CENTRAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.06%	1.82%	2.45%	2.15%
Direct wages	18.96	15.23	18.29	16.42
General factory salaries and wages	1.28	1.40	1.08	1.10
Packing, shipping and delivery wages	1.04	1.99	0.80	0.62
Payroll taxes	2.07	1.96	1.87	1.73
Employee benefits	2.63	2.08	2.21	2.54
TOTAL FACTORY PAYROLL	28.04	24.48	26.70	24.56
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.29	0.25	0.24	0.44
Depreciation - other	3.57	2.33	3.06	3.15
Taxes - real estate	0.29	0.38	0.18	0.13
Taxes - other	0.12	0.00	0.09	0.08
Insurance	0.50	0.51	0.58	0.35
Building rent	1.44	0.74	1.47	0.91
Utilities - heat, light, etc.	1.34	1.20	0.98	1.29
Equipment rental	0.26	0.00	0.50	0.20
Total Fixed Expenses	7.81	5.41	7.10	6.55
Other Expenses				
Factory supplies and expense	1.63	0.61	1.72	1.65
Packing, shipping and delivery expense	0.91	1.65	1.16	0.63
Repairs and maintenance	1.37	1.39	1.03	1.12
Other factory expenses	0.67	0.34	0.43	0.23
Total Other Expenses	4.58	3.99	4.34	3.63
TOTAL FACTORY EXPENSES	12.39	9.40	11.44	10.18
ADMINISTRATIVE EXPENSES				
Salaries - executive	3.16	4.48	3.75	2.64
Salaries - office	2.22	1.63	2.09	2.20
Payroll taxes	0.34	0.22	0.46	0.34
Employee benefits	0.64	1.01	0.56	0.64
Bad debts	0.35	0.11	0.38	0.24
Office supplies and expenses	0.54	0.29	0.50	0.38
Professional fees	0.54	0.52	0.67	0.75
Taxes - business	0.21	0.10	0.10	0.01
Telephone	0.54	0.28	0.41	0.37
Other administrative expenses	1.58	1.46	1.52	1.31
TOTAL ADMINISTRATIVE EXPENSES	10.12	10.10	10.44	8.88
SELLING EXPENSES				
Salaries - executive	1.52	0.11	2.11	0.53
Salaries and commissions - salesmen	3.81	4.10	3.69	2.83
Salaries - sales office clerical	0.67	0.10	0.66	0.68
Payroll taxes	0.34	0.09	0.39	0.20
Employee benefits	0.40	0.07	0.41	0.32
Advertising	0.24	0.22	0.50	0.38
Travel and entertainment	0.97	0.88	0.96	0.48
Other selling expenses	1.39	2.58	0.45	0.56
TOTAL SELLING EXPENSES	9.34	8.15	9.17	5.98

PLAINS AND MOUNTAIN STATES		PACIFIC SOUTHWEST		PACIFIC NORTHWEST		CANADA	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.05%	2.32%	1.89%	1.08%	1.55%	1.44%	2.47%	1.13%
18.24	17.13	17.94	17.10	18.97	17.31	20.86	20.81
1.82	1.34	0.78	1.86	0.93	0.58	1.72	1.30
0.84	0.64	0.63	0.83	0.58	0.57	0.72	0.69
1.77	1.59	1.66	1.65	2.26	2.07	1.01	0.41
1.61	1.44	1.48	1.41	1.96	1.31	1.52	1.55
26.33	24.46	24.38	23.93	26.25	23.28	28.30	25.89
0.31	0.45	0.14	0.01	0.30	0.59	0.29	0.14
3.67	3.62	3.08	2.87	3.64	4.12	2.94	2.78
0.17	0.17	0.07	0.02	0.12	0.12	0.34	0.34
0.26	0.19	0.28	0.18	0.28	0.33	0.09	0.08
0.67	0.69	0.83	0.99	0.65	0.47	0.36	0.35
1.63	1.38	2.51	2.72	2.79	1.86	1.75	1.40
1.25	1.24	0.97	0.78	0.80	0.81	0.85	0.67
0.90	0.95	0.84	0.61	0.86	0.71	0.40	0.30
8.86	8.69	8.72	8.18	9.44	9.01	7.02	6.06
1.84	1.84	2.09	1.32	1.53	1.29	1.24	1.39
1.02	1.01	1.09	1.20	0.87	0.77	1.19	1.48
1.21	1.23	1.38	1.40	1.16	0.85	1.37	1.26
0.73	0.51	0.48	0.72	0.73	0.89	0.61	0.73
4.80	4.59	5.04	4.64	4.29	3.80	4.41	4.86
13.66	13.28	13.76	12.82	13.73	12.81	11.43	10.92
4.19	4.79	3.42	1.81	3.79	3.82	2.88	3.51
3.07	3.61	2.79	2.70	2.52	1.60	3.01	2.53
0.49	0.54	0.41	0.39	0.51	0.51	0.19	0.08
0.61	0.95	0.59	0.90	0.66	0.83	0.36	0.38
0.59	0.60	0.50	0.13	0.60	0.24	0.80	0.50
0.59	0.56	0.59	0.54	0.50	0.39	0.65	0.43
0.53	0.73	0.75	0.86	0.72	0.75	0.72	0.65
0.14	0.18	0.13	0.21	0.57	0.27	0.20	0.10
0.50	0.47	0.63	0.62	0.60	0.49	0.61	0.51
1.51	1.58	1.53	1.85	1.56	1.26	1.20	0.99
12.22	14.01	11.34	10.01	12.03	10.16	10.62	9.68
1.82	2.09	1.35	0.78	1.27	1.26	1.31	1.12
3.70	2.74	4.21	2.39	4.33	4.17	4.06	2.83
0.57	0.33	0.51	0.54	0.59	0.64	0.61	0.28
0.35	0.21	0.35	0.19	0.41	0.38	0.14	0.02
0.27	0.29	0.31	0.18	0.40	0.33	0.23	0.19
0.56	0.60	0.51	0.68	0.57	0.47	0.57	0.46
0.63	0.24	1.10	1.03	0.78	0.65	1.14	1.15
0.63	0.58	0.68	0.50	0.49	0.30	0.65	0.76
8.53	7.08	9.02	6.29	8.84	8.20	8.71	6.81

BALANCE SHEET - ALL FIRMS

ASSETS	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
CURRENT ASSETS			
Cash	6.13%	6.86%	9.18%
Receivables	32.28	29.81	34.56
Inventories	11.68	9.54	12.44
Other current assets	6.78	2.91	4.73
TOTAL CURRENT ASSETS	56.87	49.12	60.91
FIXED ASSETS			
Real estate	10.35	11.07	7.36
Less: Accumulated depreciation	2.83	2.15	2.43
	7.52	8.92	4.93
Machinery and equipment	68.40	63.34	66.85
Less: Accumulated depreciation	39.82	35.01	39.69
	28.58	28.33	27.16
Other fixed assets	7.91	10.44	8.97
Less: Accumulated depreciation	4.37	3.79	5.70
	3.54	6.65	3.27
NET FIXED ASSETS	39.64	43.90	35.36
OTHER ASSETS	3.49	6.98	3.73
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.37	11.32	8.00
Accounts payable	17.25	17.12	14.14
Other current liabilities	8.61	5.00	10.51
TOTAL CURRENT LIABILITIES	36.23	33.44	32.65
LONG-TERM LIABILITIES	31.49	23.35	22.11
TOTAL LIABILITIES	67.72	56.79	54.76
SHAREHOLDERS' AND PROPRIETORS' EQUITY	32.28	43.21	45.24
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.57	1.47	1.87
QUICK RATIO	1.25	1.18	1.48
TOTAL LIABILITIES TO EQUITY	2.10	1.31	1.21
LONG-TERM LIABILITIES TO EQUITY	0.98	0.54	0.49
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.58	0.55	0.59

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
6.48%	6.81%	5.44%	7.14%	7.09%	9.66%	9.34%	7.47%	2.96%
28.50	33.24	34.76	30.09	32.59	32.63	37.25	31.69	35.22
12.39	12.77	13.71	13.71	14.55	10.60	9.50	10.82	13.36
4.52	3.19	4.08	3.98	2.91	3.14	4.91	3.60	3.87
51.89	56.01	57.99	54.92	57.14	56.03	61.00	53.58	55.41
8.26	14.31	10.70	12.17	11.19	9.24	3.89	6.02	9.87
2.81	4.75	3.38	4.97	3.97	3.16	1.75	1.81	2.78
5.45	9.56	7.32	7.20	7.22	6.08	2.14	4.21	7.09
73.01	62.55	66.62	68.73	64.29	65.43	63.39	70.74	69.39
39.16	35.36	40.15	40.26	37.65	36.80	34.76	36.82	38.64
33.85	27.19	26.47	28.47	26.64	28.63	28.63	33.92	30.75
10.51	7.23	9.71	7.77	7.61	9.11	10.23	8.21	5.62
5.44	4.05	4.59	3.88	4.19	4.77	5.63	3.76	2.88
5.07	3.18	5.12	3.89	3.42	4.34	4.60	4.45	2.74
44.37	39.93	38.91	39.56	37.28	39.05	35.37	42.58	40.58
3.74	4.06	3.10	5.52	5.58	4.92	3.63	3.84	4.01
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
7.66	7.40	10.73	5.50	8.11	9.71	7.34	8.04	11.32
13.10	13.82	14.33	11.48	11.67	13.16	16.05	13.56	17.19
8.28	8.74	9.70	9.39	10.81	6.23	9.86	9.90	11.44
29.04	29.96	34.76	26.37	30.59	29.10	33.25	31.50	39.95
30.32	26.48	24.71	31.42	27.00	23.06	26.70	33.06	31.47
59.36	56.44	59.47	57.79	57.59	52.16	59.95	64.56	71.42
40.64	43.56	40.53	42.21	42.41	47.84	40.05	35.44	28.58
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.79	1.87	1.67	2.08	1.87	1.93	1.83	1.70	1.39
1.36	1.44	1.27	1.56	1.39	1.56	1.55	1.36	1.05
1.46	1.30	1.47	1.37	1.36	1.09	1.50	1.82	2.50
0.75	0.61	0.61	0.74	0.64	0.48	0.67	0.93	1.10
0.54	0.57	0.60	0.59	0.59	0.56	0.55	0.52	0.56

SIGNIFICANT FACTS - ALL FIRMS

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
INVESTMENT			
Average assets per employee - All employees	$ 29,130	$ 53,501	$ 29,367
Average assets per factory employee (Excluding Executives)	40,787	76,172	40,807
Average net worth per employee - All employees	9,690	26,205	13,230
Average gross plant investment per factory employee (Excluding Executives)	33,853	66,321	31,926
Net worth percentage of fixed assets	111.97%	104.37%	160.97%
EMPLOYEES			
Percent factory - All employees	76.29%	72.31%	75.15%
Percent administrative - All employees	12.72	17.34	14.99
Percent sales - All employees	10.99	10.35	9.86
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 57,106	$ 85,788	$ 60,941
Sales per factory employee	75,077	119,006	82,407
Sales less material per factory employee	50,015	74,719	53,603
Sales per administrative employee	567,360	669,666	515,076
EXCLUDING EXECUTIVES			
Sales per employee - All employees	63,808	96,074	68,035
Sales per factory employee	80,124	124,552	85,489
Sales less material per factory employee	53,406	78,380	55,637
SALES PER SALESMAN	546,722	504,071	614,874
SALES TO CURRENT ASSETS	396%	389%	407%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	43.49%	36.17%	42.86%
Factory payroll percentage of gross plant investment	78.59	55.84	98.40
Payroll per employee - All employees	$ 24,286	$ 28,900	$ 25,405
Payroll per factory employee	21,553	24,916	23,272
Payroll per administrative employee	32,071	35,164	29,135
Payroll per sales employee	35,352	43,473	37,319
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 18,570	$ 20,911	$ 19,525
Payroll per factory employee	17,511	19,840	19,033
Payroll per administrative employee	15,598	16,495	15,720
Payroll per sales employee	28,500	28,029	23,522
EXECUTIVE PAYROLL			
Payroll per executive - All executives	52,046	54,293	48,375
Payroll per factory executive	33,961	29,845	27,105
Payroll per administrative executive	61,091	62,337	52,785
Payroll per sales executive	41,733	27,659	39,096
RECEIVABLES			
Collection period	55.7	58.1	57.4
PROFIT			
Gross profit percentage of sales	24.33%	28.00%	24.32%
Average gross profit per factory employee	$ 19,858	$ 34,299	$ 20,838
Income before taxes percentage of sales	2.70%	5.34%	4.03%
Average income before taxes per employee	$ 1,910	$ 5,749	$ 2,670

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
$ 26,678	$ 32,890	$ 34,201	$ 44,799	$ 32,946	$ 29,770	$ 29,388	$ 32,156	$ 27,669
38,067	47,499	50,341	62,918	49,076	44,664	45,806	50,253	43,502
11,612	14,307	14,287	19,939	14,034	14,913	12,081	11,442	8,687
32,991	37,300	39,667	51,419	38,127	37,406	34,595	40,636	36,078
108.27%	124.61%	125.42%	145.01%	168.80%	219.83%	153.98%	95.70%	120.04%
74.58%	74.79%	72.41%	76.39%	73.32%	70.18%	70.11%	69.28%	70.89%
14.51	12.93	14.64	12.05	13.78	17.84	16.79	16.40	16.23
10.91	12.28	12.95	11.56	12.90	11.98	13.10	14.32	12.88
$ 50,624	$ 62,117	$ 63,259	$ 79,069	$ 67,074	$ 60,570	$ 66,375	$ 66,436	$ 50,440
68,406	83,529	89,617	105,028	92,831	87,644	99,627	98,643	72,957
44,559	55,363	56,439	66,880	57,416	57,115	62,641	63,314	45,707
469,966	620,874	524,849	685,554	516,472	479,276	504,414	473,414	375,475
57,177	70,644	69,362	89,469	76,625	69,956	77,642	75,269	59,032
73,168	89,728	93,899	112,229	100,470	92,816	106,255	104,337	80,218
47,724	59,437	59,191	71,608	62,183	60,550	66,777	66,844	50,317
438,017	691,700	587,240	604,246	513,408	431,873	359,045	430,824	364,245
423%	386%	387%	408%	415%	456%	592%	472%	393%
40.78%	42.44%	42.26%	41.14%	40.82%	41.39%	38.32%	40.73%	41.08%
67.45	77.96	70.18	66.36	78.41	89.28	99.89	85.82	74.62
$ 20,230	$ 26,281	$ 26,167	$ 31,586	$ 26,778	$ 24,741	$ 25,861	$ 26,491	$ 20,096
17,981	24,344	23,008	27,735	24,026	22,506	23,535	24,587	19,580
26,422	30,791	31,170	39,267	30,879	30,399	28,462	30,946	20,036
30,121	33,493	40,285	44,282	38,901	32,095	33,628	33,484	22,847
$ 15,870	$ 19,582	$ 20,148	$ 23,674	$ 20,051	$ 19,294	$ 20,411	$ 20,433	$ 17,158
14,976	19,191	18,786	22,231	19,486	18,767	19,792	20,248	17,247
13,741	15,944	16,229	19,574	14,602	16,297	15,037	14,905	13,043
23,653	25,158	33,107	35,597	26,907	23,494	25,959	26,228	18,845
38,628	42,030	47,561	54,269	45,479	41,059	42,933	41,295	29,544
26,153	30,512	32,137	28,978	29,654	27,028	24,107	22,156	23,614
43,682	47,562	56,204	63,409	52,956	45,144	42,392	46,624	29,946
41,253	37,456	40,002	44,340	42,517	31,159	32,527	22,587	23,494
54.7	62.1	61.3	59.2	60.5	54.8	56.6	52.6	67.7
24.17%	24.90%	24.33%	24.37%	24.84%	25.79%	25.73%	25.78%	23.94%
$ 18,368	$ 22,639	$ 23,374	$ 28,532	$ 25,165	$ 24,100	$ 27,461	$ 27,262	$ 19,506
2.97%	4.65%	2.57%	3.63%	3.74%	4.41%	3.90%	3.19%	2.96%
$ 1,923	$ 2,929	$ 1,976	$ 3,388	$ 2,791	$ 2,804	$ 2,529	$ 2,344	$ 1,715

RETURN ON INVESTMENT - PER $100 OF SALES - ALL FIRMS

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
INVESTMENT			
Current Assets:			
Cash	$ 3.28	$ 4.09	$ 4.24
Receivables	15.03	15.69	15.49
Inventories	5.26	4.98	5.63
Marketable securities	2.35	1.02	0.92
Other current assets	1.26	0.82	1.36
	27.18	26.60	27.64
Plant Investment:			
Land and building	6.45	8.56	4.46
Machinery and equipment	33.35	36.50	29.02
Other fixed assets	3.61	6.77	3.70
	43.41	51.83	37.18
Non-Current Assets	1.93	4.01	1.98
TOTAL INVESTMENT	72.52	82.44	66.80
INVESTMENT TURNOVER PER $100 OF SALES	137.89%	121.30%	149.70%
EARNINGS			
Cost of Product	$75.67	$72.00	$75.68
Selling Expenses	8.99	8.39	8.43
Administrative Expenses	10.87	11.98	10.71
	95.53	92.37	94.82
Income Before Interest, Other Income (Expense), and Taxes	4.47	7.63	5.18
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.16%	9.26%	7.75%

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
$ 3.39	$ 3.45	$ 2.62	$ 3.97	$ 3.39	$ 4.75	$ 3.89	$ 3.82	$ 2.05
14.65	16.69	16.52	15.89	14.96	14.61	15.04	14.01	17.72
6.92	6.33	6.95	7.82	7.17	5.00	3.80	4.99	6.83
1.15	0.81	0.98	1.46	0.57	0.41	0.26	0.32	1.12
1.38	1.02	1.49	0.72	0.90	1.16	1.98	1.31	1.10
27.49	28.30	28.56	29.86	26.99	25.93	24.97	24.45	28.82
4.53	8.97	6.86	8.36	6.05	5.16	1.70	3.63	6.81
37.37	29.86	31.06	36.68	30.48	31.25	25.93	33.51	35.75
4.82	3.15	4.90	4.67	3.33	4.34	4.08	3.49	2.98
46.72	41.98	42.82	49.71	39.86	40.75	31.71	40.63	45.54
2.13	2.41	1.73	3.40	3.01	2.67	1.63	1.83	2.15
76.34	72.69	73.11	82.97	69.86	69.35	58.31	66.91	76.51
130.99%	137.57%	136.78%	120.53%	143.14%	144.20%	171.50%	149.45%	130.70%
$75.83	$75.10	$75.67	$75.63	$75.16	$74.21	$74.27	$74.22	$76.06
8.69	9.30	9.68	9.34	9.17	8.53	9.02	8.84	8.71
11.36	9.88	11.05	10.12	10.44	12.22	11.34	12.03	10.62
95.88	94.28	96.40	95.09	94.77	94.96	94.63	95.09	95.39
4.12	5.72	3.60	4.91	5.23	5.04	5.37	4.91	4.61
5.40%	7.87%	4.92%	5.92%	7.49%	7.27%	9.21%	7.34%	6.03%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	658	$1,816,000	$ 3,350,000	$ 160,000
TOTAL - PROFIT LEADERS*	124	2,527,000	4,358,000	515,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$250,000	24	78,000	165,000	2,000
$250,000-$500,000	67	159,000	377,000	7,000
$500,000-$1,500,000	190	465,000	959,000	28,000
$1,500,000-$5,000,000	256	1,487,000	2,838,000	100,000
$5,000,000-$10,000,000	75	3,767,000	6,724,000	330,000
Over $10,000,000	46	9,372,000	16,560,000	1,065,000
PROFIT LEADERS				
0-$250,000	2	84,000	227,000	33,000
$250,000-$500,000	8	149,000	343,000	37,000
$500,000-$1,500,000	40	488,000	908,000	101,000
$1,500,000-$5,000,000	39	1,675,000	2,877,000	359,000
$5,000,000-$10,000,000	18	4,018,000	6,991,000	813,000
Over $10,000,000	17	9,110,000	15,462,000	1,812,000
BY GEOGRAPHIC REGIONS				
ALL FIRMS				
New England and Up-State New York	59	2,082,000	4,003,000	183,000
Metropolitan New York and New Jersey	12	1,855,000	3,185,000	152,000
Eastern Penna., Maryland and D.C.	51	2,739,000	5,192,000	342,000
Southeast Atlantic	58	1,845,000	3,268,000	147,000
East North Central	27	3,058,000	5,391,000	301,000
South Central	55	2,515,000	4,432,000	178,000
Chicago Area	38	3,686,000	6,169,000	389,000
West North Central	45	1,455,000	2,880,000	110,000
Plains and Mountain States	71	1,417,000	2,568,000	134,000
Pacific Southwest	64	1 021,000	2,184,000	89,000
Pacific Northwest	62	1,160,000	2,398,000	102,000
Canada	116	1,199,000	2,167,000	65,000
PROFIT LEADERS				
New England and Up-State New York	7	5,037,000	8,704,000	795,000
Metropolitan New York and New Jersey	2	2,574,000	2,698,000	506,000
Eastern Penna., Maryland and D.C.	11	5,116,000	9,472,000	1,124,000
Southeast Atlantic	14	2,741,000	4,546,000	485,000
East North Central	7	4,144,000	6,466,000	556,000
South Central	7	2,721,000	5,133,000	621,000
Chicago Area	3	5,594,000	9,559,000	2,339,000
West North Central	9	1,609,000	3,154,000	361,000
Plains and Mountain States	19	1,977,000	3,041,000	372,000
Pacific Southwest	13	1,250,000	2,447,000	278,000
Pacific Northwest	10	1,679,000	2,610,000	266,000
Canada	22	1,290,000	2,377,000	285,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 43.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1984 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1985 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director
PIA Financial Services

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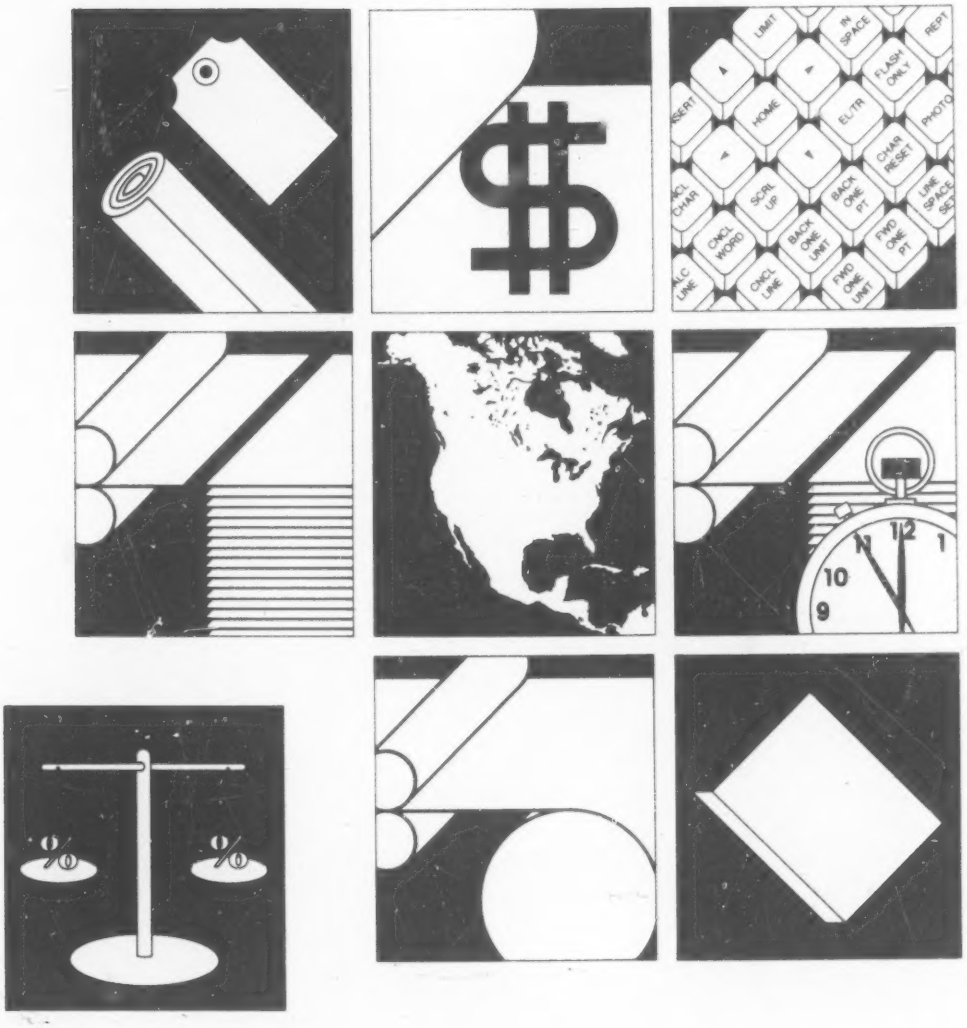
FINANCIAL SERVICES

1985 Financial Ratio Study



Volume V

Sheetfed Printers by Size and Geographic Area

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

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703/841-4805

PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

Printing Industries of America, Inc.
Margaret A. Hogue, Director of Editorial Services
1730 North Lynn Street
Arlington, Virginia 22209
(703) 841-8144

FINANCIAL SERVICES

FINANCIAL RATIO STUDY PROGRAM

Volume V: Sheetfed Printers by Size and Geographic Area

An Annual Financial Survey Conducted By:
PIA Financial Services
1730 North Lynn Street
Arlington, VA 22209

Accounting Firm:

H. R. Margolis
Certified Public Accountants
New York and Philadelphia (Bala Cynwyd)

Data Processing:

RGS Enterprises, Inc.
1 Carlisle Drive
Arnold, MD 21012

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PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-4805

Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

We are pleased to be a part of PIA's 1985 PIA FINANCIAL RATIOS FOR SHEETFED PRINTERS. This Ratio Study was developed on the basis of questionnaires volunteered by 642 firms and presents the ratios and statistics of Sheetfed Printers by sales volume and geographic area.

Thus users of the report can direct themselves to the standards for their sales volume — for example, sales to $250,000, sales from $250,000 to $500,000, etc.; and by geographic area, for example, New England and Up-State New York, Metropolitan New York and New Jersey, etc. Readers can compare the data from their own firms' financial statements with similar data from other firms in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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REGIONAL GEOGRAPHIC BREAKDOWN

New England and Upstate New York
Upstate New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, and Maine

Metropolitan New York and New Jersey

Eastern Pennsylvania, Maryland and the District of Columbia

Southeast Atlantic
Virginia, West Virginia, Eastern Tennesee, North Carolina, South Carolina, Georgia and Florida

East North Central
Ohio, Michigan and Western Pennslyvania

South Central
Southern Indiana, Kentucky, Missouri, Southern Illinois, Arkansas, Western Tennessee, Alabama, Mississippi and Louisiana

Chicago Area
Northern Illinois, Northern Indiana, and Eastern Michigan

West North Central
Iowa, Nebraska, North Dakota, South Dakota, Minnesota, Wisconsin

Plains and Mountain States
Texas, Oklahoma, New Mexico, Northern Arizona, Northwestern Nevada, Wyoming, Western Idaho, Montana, Kansas, Utah, and Colorado

Pacific Southwest
Southwestern Nevada, Southern Arizona, and Southern California

Pacific Northwest
Northern California, Northeastern Nevada, Oregon, Eastern Idaho, Washington, Alaska and Hawaii

Canada

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less materials costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of presentation management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	42.02	36.96	42.59	35.33	40.66	35.06
FACTORY EXPENSES	19.62	17.48	21.69	20.50	23.46	22.64
TOTAL FACTORY COST OF PRODUCT	61.64	54.44	64.28	55.83	64.12	57.70
GROSS PROFIT	38.36	45.56	35.72	44.17	35.88	42.30
ADMINISTRATIVE AND SELLING EXPENSES						
Administrative expenses	16.73	15.12	20.08	14.05	21.88	15.06
Selling expenses	13.86	11.59	10.08	7.66	9.37	5.37
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	30.59	26.71	30.16	21.71	31.25	20.43
INCOME BEFORE INTEREST EXPENSE	7.77	18.85	5.56	22.46	4.63	21.87
Interest expense	3.15	2.37	2.21	2.37	3.21	2.95
OPERATING INCOME	4.62	16.48	3.35	20.09	1.42	18.92
Other income (expense)	1.00	1.44	0.16	(0.46)	0.75	1.14
INCOME BEFORE INCOME TAXES	5.62	17.92	3.51	19.63	2.17	20.06

* See page 10 for the definition of "Profit Leaders".

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
40.78	37.46	42.01	36.67	43.51	36.69	45.63	38.91
20.42	17.24	18.90	17.05	18.20	16.57	18.01	15.51
61.20	54.70	60.91	53.72	61.71	53.26	63.64	54.42
38.80	45.30	39.09	46.28	38.29	46.74	36.36	45.58
19.99	19.68	15.46	14.68	13.24	12.82	10.38	9.90
12.22	9.33	15.45	13.53	15.62	13.00	14.52	15.16
32.21	29.01	30.91	28.21	28.86	25.82	24.90	25.06
6.59	16.29	8.18	18.07	9.43	20.92	11.46	20.52
2.93	1.73	3.28	2.98	3.46	2.14	2.78	1.88
3.66	14.56	4.90	15.09	5.97	18.78	8.68	18.64
0.92	1.28	1.13	1.96	0.93	1.03	1.33	1.53
4.58	15.84	6.03	17.05	6.90	19.81	10.01	20.17

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL						
Salaries - executive	3.19%	2.84%	5.04%	8.65%	3.02%	3.42%
Direct wages	29.33	25.62	31.57	21.81	31.62	27.74
General factory salaries and wages	2.32	2.28	0.23	0.82	0.62	0.14
Packing, shipping and delivery wages	1.24	1.04	0.09	0.43	0.64	0.34
Payroll taxes	2.88	2.33	3.54	3.01	2.97	2.35
Employee benefits	3.06	2.85	2.12	0.61	1.79	1.07
TOTAL FACTORY PAYROLL	42.02	36.96	42.59	35.33	40.66	35.06
FACTORY EXPENSES						
Fixed Expenses						
Depreciation - real estate	0.35	0.36	0.06	0.00	0.45	0.88
Depreciation - other	5.17	5.31	4.42	4.97	6.36	5.86
Taxes - real estate	0.30	0.31	0.07	0.00	0.36	0.18
Taxes - other	0.30	0.21	0.41	0.05	0.20	0.10
Insurance	0.87	0.76	1.56	1.19	1.68	1.46
Building rent	2.57	2.21	4.93	5.11	4.04	3.28
Utilities - heat, light, etc.	1.76	1.41	1.59	0.85	2.18	1.88
Equipment rental	0.89	0.51	1.95	1.46	1.57	2.16
Total Fixed Expenses	12.21	11.08	14.99	13.63	16.84	15.80
Other Expenses						
Factory supplies and expense	2.84	2.42	1.91	2.59	2.49	2.95
Packing, shipping and delivery expense	1.52	1.27	1.85	1.68	1.33	0.80
Repairs and maintenance	2.02	2.03	1.99	2.26	2.12	2.67
Other factory expenses	1.03	0.68	0.95	0.34	0.68	0.42
Total Other Expenses	7.41	6.40	6.70	6.87	6.62	6.84
TOTAL FACTORY EXPENSES	19.62	17.48	21.69	20.50	23.46	22.64
ADMINISTRATIVE EXPENSES						
Salaries - executive	5.15	4.74	8.24	4.53	8.53	3.52
Salaries - office	4.14	3.66	4.21	5.07	4.83	3.91
Payroll taxes	0.68	0.47	1.05	0.23	1.11	0.29
Employee benefits	0.89	0.87	0.69	0.00	0.96	0.29
Bad debts	0.76	0.75	0.30	0.25	0.96	1.72
Office supplies and expenses	0.81	0.76	0.76	1.11	0.95	1.00
Professional fees	0.93	0.84	0.92	1.02	1.21	0.97
Taxes - business	0.30	0.35	0.30	0.19	0.42	0.53
Telephone	0.86	0.70	2.10	1.17	1.27	1.19
Other administrative expenses	2.21	1.98	1.51	0.48	1.64	1.64
TOTAL ADMINISTRATIVE EXPENSES	16.73	15.12	20.08	14.05	21.88	15.06
SELLING EXPENSES						
Salaries - executive	2.21	1.89	3.31	1.87	2.17	1.10
Salaries and commissions - salesmen	6.34	5.39	2.46	4.11	2.90	0.92
Salaries - sales office clerical	1.11	0.71	0.76	0.07	0.61	0.50
Payroll taxes	0.53	0.38	0.19	0.16	0.33	0.14
Employee benefits	0.51	0.47	0.15	0.04	0.17	0.13
Advertising	0.72	0.63	1.52	0.67	1.04	0.77
Travel and entertainment	1.38	1.33	1.39	0.66	1.43	1.23
Other selling expenses	1.06	0.79	0.30	0.08	0.72	0.58
TOTAL SELLING EXPENSES	13.86	11.59	10.08	7.66	9.37	5.37

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.51%	2.64%	3.09%	2.73%	2.76%	1.74%	2.95%	3.18%
29.65	27.08	28.86	23.91	29.01	26.32	27.89	25.50
1.20	1.52	2.69	3.43	3.58	2.07	5.01	3.05
1.01	1.31	1.54	1.19	1.32	0.83	1.33	1.02
2.83	2.25	2.79	2.32	2.94	2.40	3.10	2.26
2.58	2.66	3.04	3.09	3.90	3.33	5.35	3.90
40.78	37.46	42.01	36.67	43.51	36.69	45.63	38.91
0.33	0.10	0.29	0.38	0.35	0.34	0.77	0.52
5.42	5.73	5.18	5.42	4.55	4.97	4.03	4.18
0.26	0.35	0.33	0.40	0.23	0.25	0.39	0.25
0.29	0.20	0.29	0.23	0.41	0.29	0.23	0.18
1.12	0.91	0.73	0.61	0.48	0.55	0.28	0.45
3.69	3.36	2.03	1.66	1.45	1.39	0.76	0.84
1.65	1.21	1.71	1.33	1.88	1.66	1.87	1.47
1.03	0.44	0.78	0.27	0.56	0.13	0.45	0.28
13.79	12.30	11.34	10.30	9.91	9.58	8.78	8.17
2.31	1.29	2.98	2.62	3.30	2.73	4.00	3.40
1.57	1.27	1.54	1.28	1.43	1.77	1.55	0.95
1.89	1.91	2.03	2.11	2.11	1.55	2.23	2.07
0.86	0.47	1.01	0.74	1.45	0.94	1.45	0.92
6.63	4.94	7.56	6.75	8.29	6.99	9.23	7.34
20.42	17.24	18.90	17.05	18.20	16.57	18.01	15.51
6.47	6.93	4.37	4.48	3.76	4.50	2.11	2.15
5.18	4.92	3.86	3.50	3.02	2.34	2.87	2.62
0.87	0.68	0.56	0.47	0.45	0.39	0.37	0.33
1.06	1.43	0.83	0.75	0.76	0.86	0.82	0.71
0.79	0.61	0.82	0.77	0.64	0.62	0.50	0.53
0.97	1.06	0.79	0.74	0.59	0.38	0.48	0.35
1.00	0.91	0.90	0.90	0.84	0.57	0.71	0.70
0.31	0.37	0.29	0.38	0.26	0.40	0.16	0.06
1.04	0.77	0.70	0.64	0.65	0.52	0.51	0.46
2.30	2.00	2.34	2.05	2.27	2.24	1.85	1.99
19.99	19.68	15.46	14.68	13.24	12.82	10.38	9.90
2.41	1.96	2.36	2.11	1.69	2.16	1.31	1.47
4.97	3.70	7.42	6.90	8.38	7.27	7.02	6.37
0.85	0.31	1.27	0.60	1.27	0.69	1.60	2.16
0.51	0.25	0.60	0.48	0.54	0.41	0.49	0.61
0.43	0.32	0.58	0.47	0.59	0.51	0.81	1.08
0.84	0.80	0.56	0.60	0.68	0.37	0.58	0.54
1.29	1.33	1.49	1.64	1.33	0.97	1.24	1.16
0.92	0.66	1.17	0.73	1.14	0.62	1.47	1.77
12.22	9.33	15.45	13.53	15.62	13.00	14.52	15.16

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT						
MATERIALS						
Paper	21.00	20.43	18.46	20.83	19.70	18.95
Other chargeable materials	5.08	5.01	4.00	3.28	5.02	5.67
Outside services	9.42	8.38	9.81	9.41	8.31	7.69
TOTAL MATERIALS	35.50	33.82	32.27	33.52	33.03	32.31
FACTORY PAYROLL	27.10	24.50	28.83	23.68	27.24	23.62
FACTORY EXPENSES	12.68	11.58	14.57	13.43	15.64	15.32
TOTAL FACTORY COST OF PRODUCT	75.28	69.90	75.67	70.63	75.91	71.25
GROSS PROFIT	24.72	30.10	24.33	29.37	24.09	28.75
ADMINISTRATIVE AND SELLING EXPENSES						
Administrative expenses	10.85	10.05	13.98	9.75	14.64	10.48
Selling expenses	8.81	7.66	6.90	4.97	6.17	3.67
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	19.66	17.71	20.88	14.72	20.81	14.15
INCOME BEFORE INTEREST EXPENSE	5.06	12.39	3.45	14.65	3.28	14.60
Interest expense	2.00	1.54	1.41	1.53	2.11	1.95
OPERATING INCOME	3.06	10.85	2.04	13.12	1.17	12.65
Other income (expense)	0.62	0.89	0.10	(0.29)	0.50	0.77
INCOME BEFORE INCOME TAXES	3.68	11.74	2.14	12.83	1.67	13.42

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS						
Ink	1.23%	1.31%	0.83%	0.69%	0.78%	0.46%
Film	1.22	1.06	1.46	0.51	1.15	0.86
Plates	1.24	1.17	0.89	0.74	1.09	0.67
Other chargeable materials	1.39	1.47	0.82	1.34	2.00	3.68
TOTAL OTHER CHARGEABLE MATERIALS	5.08	5.01	4.00	3.28	5.02	5.67
OUTSIDE SERVICES						
Composition	0.90	0.55	1.53	0.06	1.20	0.92
Offset preparation	1.54	1.75	0.39	0.00	0.59	0.99
Printing	2.58	2.05	5.46	9.06	3.31	3.44
Binding	2.16	1.82	1.96	0.21	1.10	0.50
Other outside services	2.24	2.21	0.47	0.08	2.11	1.84
TOTAL OUTSIDE SERVICES	9.42	8.38	9.81	9.41	8.31	7.69

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
19.68	18.86	21.49	21.81	22.59	20.77	22.70	20.75
4.53	4.75	5.12	4.79	5.70	4.75	6.35	6.30
9.49	8.28	9.89	7.84	8.97	11.30	8.50	6.78
33.70	31.89	36.50	34.44	37.26	36.82	37.55	33.83
26.99	25.60	26.77	24.09	27.31	23.39	28.33	25.52
13.57	11.80	12.06	11.22	11.43	10.43	10.96	10.12
74.26	69.29	75.33	69.75	76.00	70.64	76.84	69.47
25.74	30.71	24.67	30.25	24.00	29.36	23.16	30.53
13.24	13.26	9.82	9.65	8.34	8.09	6.41	6.54
8.00	6.35	9.62	8.79	9.76	8.26	9.28	10.38
21.24	19.61	19.44	18.44	18.10	16.35	15.69	16.92
4.50	11.10	5.23	11.81	5.90	13.01	7.47	13.61
1.92	1.19	2.08	1.95	2.14	1.30	1.65	1.17
2.58	9.91	3.15	9.86	3.75	11.71	5.82	12.44
0.57	0.82	0.72	1.28	0.53	0.42	0.72	0.98
3.15	10.73	3.87	11.14	4.29	12.13	6.54	13.42
0.92%	1.08%	1.38%	1.42%	1.56%	1.82%	1.64%	1.70%
1.07	0.72	1.21	1.02	1.44	1.02	1.44	2.10
1.22	1.11	1.27	1.44	1.49	1.25	1.02	0.96
1.32	1.84	1.26	0.91	1.21	0.66	2.25	1.54
4.53	4.75	5.12	4.79	5.70	4.75	6.35	6.30
1.14	0.79	0.86	0.46	0.31	0.37	0.54	0.26
1.16	1.12	2.08	2.13	1.66	3.42	1.40	1.03
3.38	2.56	2.18	1.39	1.08	1.37	2.66	0.88
1.80	1.33	2.43	1.83	2.85	3.09	2.17	2.80
2.01	2.48	2.34	2.03	3.01	3.05	1.73	1.81
9.49	8.28	9.89	7.84	8.97	11.30	8.50	6.78

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL						
Salaries - executive	2.06%	1.89%	3.47%	6.24%	2.00%	2.30%
Direct wages	18.93	16.96	21.26	14.23	21.21	18.68
General factory salaries and wages	1.49	1.53	0.15	0.52	0.38	0.10
Packing, shipping and delivery wages	0.79	0.68	0.06	0.27	0.44	0.23
Payroll taxes	1.86	1.55	2.39	2.04	1.99	1.57
Employee benefits	1.97	1.89	1.50	0.38	1.22	0.74
TOTAL FACTORY PAYROLL	27.10	24.50	28.83	23.68	27.24	23.62
FACTORY EXPENSES						
Fixed Expenses						
Depreciation - real estate	0.23	0.24	0.04	0.00	0.32	0.66
Depreciation - other	3.32	3.48	2.97	3.24	4.23	3.92
Taxes - real estate	0.19	0.21	0.05	0.00	0.23	0.11
Taxes - other	0.19	0.14	0.29	0.03	0.13	0.07
Insurance	0.57	0.51	1.07	0.80	1.14	0.95
Building rent	1.66	1.49	3.36	3.35	2.69	2.26
Utilities - heat, light, etc.	1.14	0.93	1.10	0.53	1.44	1.24
Equipment rental	0.60	0.35	1.27	0.92	1.05	1.45
Total Fixed Expenses	7.90	7.35	10.15	8.87	11.23	10.66
Other Expenses						
Factory supplies and expense	1.84	1.61	1.28	1.63	1.71	2.04
Packing, shipping and delivery expense	0.96	0.83	1.26	1.21	0.86	0.53
Repairs and maintenance	1.30	1.34	1.28	1.50	1.41	1.82
Other factory expenses	0.68	0.45	0.60	0.22	0.43	0.27
Total Other Expenses	4.78	4.23	4.42	4.56	4.41	4.66
TOTAL FACTORY EXPENSES	12.68	11.58	14.57	13.43	15.64	15.32
ADMINISTRATIVE EXPENSES						
Salaries - executive	3.38	3.18	5.71	3.16	5.70	2.55
Salaries - office	2.69	2.45	3.02	3.60	3.34	2.81
Payroll taxes	0.44	0.31	0.75	0.14	0.74	0.21
Employee benefits	0.58	0.57	0.49	0.00	0.64	0.21
Bad debts	0.48	0.49	0.20	0.18	0.59	1.12
Office supplies and expenses	0.52	0.50	0.53	0.77	0.64	0.66
Professional fees	0.60	0.55	0.60	0.66	0.79	0.66
Taxes - business	0.19	0.22	0.21	0.12	0.29	0.35
Telephone	0.55	0.47	1.43	0.79	0.82	0.78
Other administrative expenses	1.42	1.31	1.04	0.33	1.09	1.13
TOTAL ADMINISTRATIVE EXPENSES	10.85	10.05	13.98	9.75	14.64	10.48
SELLING EXPENSES						
Salaries - executive	1.40	1.26	2.22	1.30	1.42	0.73
Salaries and commissions - salesmen	4.01	3.53	1.69	2.59	1.92	0.65
Salaries - sales office clerical	0.71	0.48	0.56	0.05	0.40	0.36
Payroll taxes	0.34	0.25	0.13	0.10	0.22	0.10
Employee benefits	0.33	0.31	0.10	0.03	0.11	0.09
Advertising	0.47	0.42	1.04	0.44	0.69	0.53
Travel and entertainment	0.88	0.88	0.96	0.41	0.93	0.82
Other selling expenses	0.67	0.53	0.20	0.05	0.48	0.39
TOTAL SELLING EXPENSES	8.81	7.66	6.90	4.97	6.17	3.67

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.33%	1.81%	1.96%	1.77%	1.72%	1.09%	1.89%	2.11%
19.57	18.47	18.40	15.70	18.24	16.79	17.19	16.58
0.83	1.11	1.72	2.26	2.23	1.30	3.18	2.06
0.67	0.87	0.97	0.77	0.83	0.54	0.82	0.68
1.87	1.53	1.78	1.54	1.84	1.52	1.94	1.50
1.72	1.81	1.94	2.05	2.45	2.15	3.31	2.59
26.99	25.60	26.77	24.09	27.31	23.39	28.33	25.52
0.22	0.07	0.19	0.25	0.22	0.22	0.45	0.34
3.57	3.89	3.30	3.55	2.84	3.09	2.47	2.72
0.18	0.25	0.21	0.26	0.14	0.16	0.23	0.17
0.20	0.14	0.18	0.15	0.26	0.19	0.15	0.11
0.75	0.64	0.46	0.40	0.29	0.32	0.18	0.30
2.41	2.31	1.28	1.11	0.90	0.85	0.48	0.56
1.09	0.82	1.09	0.87	1.18	1.07	1.16	0.97
0.70	0.31	0.52	0.18	0.38	0.09	0.27	0.19
9.12	8.43	7.23	6.77	6.21	5.99	5.39	5.36
1.55	0.89	1.92	1.76	2.08	1.74	2.46	2.16
1.02	0.85	0.97	0.82	0.89	1.10	0.86	0.62
1.25	1.29	1.30	1.38	1.33	0.99	1.38	1.38
0.63	0.34	0.64	0.49	0.92	0.61	0.87	0.60
4.45	3.37	4.83	4.45	5.22	4.44	5.57	4.76
13.57	11.80	12.06	11.22	11.43	10.43	10.96	10.12
4.32	4.72	2.79	2.93	2.38	2.88	1.30	1.42
3.42	3.27	2.44	2.30	1.91	1.51	1.77	1.75
0.58	0.46	0.35	0.31	0.28	0.25	0.23	0.22
0.70	0.94	0.53	0.49	0.48	0.55	0.49	0.48
0.51	0.42	0.51	0.51	0.39	0.37	0.30	0.32
0.64	0.72	0.50	0.49	0.37	0.23	0.29	0.23
0.65	0.61	0.58	0.59	0.54	0.35	0.44	0.47
0.21	0.25	0.19	0.26	0.16	0.20	0.10	0.04
0.69	0.52	0.44	0.42	0.40	0.33	0.32	0.31
1.52	1.35	1.49	1.35	1.43	1.42	1.17	1.30
13.24	13.26	9.82	9.65	8.34	8.09	6.41	6.54
1.55	1.34	1.44	1.38	1.08	1.39	0.84	1.00
3.27	2.54	4.63	4.47	5.19	4.64	4.42	4.31
0.56	0.21	0.79	0.39	0.80	0.44	1.05	1.51
0.34	0.17	0.37	0.31	0.34	0.25	0.32	0.43
0.28	0.22	0.37	0.30	0.38	0.33	0.52	0.72
0.56	0.55	0.35	0.39	0.43	0.23	0.37	0.36
0.84	0.88	0.94	1.08	0.84	0.60	0.78	0.79
0.60	0.44	0.73	0.47	0.70	0.38	0.98	1.26
8.00	6.35	9.62	8.79	9.76	8.26	9.28	10.38

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS						
CURRENT ASSETS						
Cash	6.25%	11.17%	(18.18)%	(9.40)%	7.50%	8.27%
Receivables	33.79	29.85	45.38	51.96	29.58	28.06
Inventories	11.60	8.96	28.25	14.12	9.83	5.37
Other current assets	3.85	5.22	1.73	0.77	3.56	1.99
TOTAL CURRENT ASSETS	55.49	55.20	57.18	57.45	50.47	43.69
FIXED ASSETS						
Real estate	8.96	7.75	4.00	0.00	10.19	6.93
Less: Accumulated depreciation	2.84	2.11	0.50	0.00	2.46	2.22
	6.12	5.64	3.50	0.00	7.73	4.71
Machinery and equipment	67.86	61.24	73.61	86.05	89.67	75.31
Less: Accumulated depreciation	37.98	31.00	42.36	51.17	56.02	36.41
	29.88	30.24	31.25	34.88	33.65	38.90
Other fixed assets	8.30	7.89	9.68	5.40	8.96	14.14
Less: Accumulated depreciation	4.42	3.83	5.20	3.14	4.29	5.07
	3.88	4.06	4.48	2.26	4.67	9.07
NET FIXED ASSETS	39.88	39.94	39.23	37.14	46.05	52.68
OTHER ASSETS	4.63	4.86	3.59	5.41	3.48	3.63
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Notes payable	9.96	6.26	10.75	19.88	12.12	10.77
Accounts payable	14.41	10.72	16.08	14.15	14.28	9.06
Other current liabilities	9.06	9.79	9.61	7.59	7.56	5.01
TOTAL CURRENT LIABILITIES	33.43	26.77	36.44	41.62	33.96	24.84
LONG-TERM LIABILITIES	30.11	23.39	51.38	7.57	35.40	32.71
TOTAL LIABILITIES	63.54	50.16	87.82	49.19	69.36	57.55
SHAREHOLDERS' AND PROPRIETORS' EQUITY	36.46	49.84	12.18	50.81	30.64	42.45
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.66	2.06	1.57	1.38	1.49	1.76
QUICK RATIO	1.31	1.73	0.79	1.04	1.20	1.54
TOTAL LIABILITIES TO EQUITY	1.74	1.01	7.21	0.97	2.26	1.36
LONG-TERM LIABILITIES TO EQUITY	0.83	0.47	4.22	0.15	1.16	0.77
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.56	0.51	0.58	0.59	0.62	0.48

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
8.30%	15.95%	6.42%	9.12%	5.35%	13.04%	4.87%	11.09%
34.80	31.16	34.40	29.13	32.30	26.51	30.70	29.77
9.79	7.74	11.49	9.74	12.24	9.56	15.28	10.42
3.68	3.85	3.94	6.12	4.31	9.26	4.13	4.28
56.57	58.70	56.25	54.11	54.20	58.37	54.98	55.56
6.10	3.26	9.24	9.84	10.11	9.51	16.95	11.67
2.19	1.79	2.99	2.32	3.34	2.25	4.81	2.36
3.91	1.47	6.25	7.52	6.77	7.26	12.14	9.31
72.64	69.98	65.87	59.06	58.97	49.55	48.81	46.70
42.07	38.46	36.72	30.10	28.11	21.72	24.81	20.62
30.57	31.52	29.15	28.96	30.86	27.83	24.00	26.08
10.14	9.50	8.09	6.21	5.77	4.84	5.82	8.34
5.49	5.19	4.43	3.33	3.06	2.48	2.67	3.17
4.65	4.31	3.66	2.88	2.71	2.36	3.15	5.17
39.13	37.30	39.06	39.36	40.34	37.45	39.29	40.56
4.30	4.00	4.69	6.53	5.46	4.18	5.73	3.88
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
9.36	5.65	9.90	7.04	11.46	3.35	6.68	2.52
15.66	9.98	14.68	11.63	12.39	11.51	11.51	9.50
7.76	9.10	9.45	10.18	10.46	12.56	10.94	11.04
32.78	24.73	34.03	28.85	34.31	27.42	29.13	23.06
30.56	21.82	30.04	25.09	26.37	20.18	22.90	22.07
63.34	46.55	64.07	53.94	60.68	47.60	52.03	45.13
36.66	53.45	35.93	46.06	39.32	52.40	47.97	54.87
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.73	2.37	1.65	1.88	1.58	2.13	1.89	2.41
1.43	2.06	1.32	1.54	1.22	1.78	1.36	1.96
1.73	0.87	1.78	1.17	1.54	0.91	1.08	0.82
0.83	0.41	0.84	0.54	0.67	0.39	0.48	0.40
0.58	0.55	0.56	0.51	0.48	0.44	0.51	0.44

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT						
Average assets per employee - All employees	$ 33,227	$ 40,638	$ 10,916	$ 9,903	$ 23,721	$ 31,018
Average assets per factory employee (Excluding Executives)	56,379	57,109	19,146	18,882	36,912	41,230
Average net worth per employee - All employees	12,854	20,048	2,745	4,629	8,348	13,776
Average gross plant investment per factory employee (Excluding Executives)	40,584	41,888	17,776	15,370	36,156	36,889
Net worth percentage of fixed assets	118.64%	168.70%	15.79%	141.25%	95.10%	157.56%
EMPLOYEES						
Percent factory - All employees	72.62%	74.96%	70.65%	69.01%	69.95%	79.45%
Percent administrative - All employees	15.03	14.19	19.23	19.01	21.11	15.11
Percent sales - All employees	12.35	10.85	10.12	11.98	8.94	5.44
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES						
Sales per employee - All employees	$ 67,300	$ 72,186	$ 38,393	$ 37,197	$ 49,593	$ 62,591
Sales per factory employee	122,566	96,939	57,725	53,691	73,647	78,597
Sales less material per factory employee	67,588	62,927	39,161	35,458	48,630	53,098
Sales per administrative employee	559,369	665,200	248,245	100,273	287,704	505,965
EXCLUDING EXECUTIVES						
Sales per employee - All employees	75,894	79,998	49,440	46,401	61,409	72,314
Sales per factory employee	128,617	102,090	65,696	65,069	78,188	84,625
Sales less material per factory employee	71,383	66,326	44,634	43,605	51,601	57,068
SALES PER SALESMAN	537,013	609,025	65,662	100,000	146,035	88,750
SALES TO CURRENT ASSETS	450%	399%	908%	704%	631%	542%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES						
Total payroll percentage of sales	40.96%	36.85%	43.49%	34.64%	41.73%	31.35%
Factory payroll percentage of gross plant investment	84.77	77.23	202.18	101.08	80.59	90.15
Payroll per employee - All employees	$ 26,719	$ 25,596	$ 16,562	$ 12,382	$ 19,333	$ 17,043
Payroll per factory employee	24,226	22,651	15,515	12,604	18,233	16,815
Payroll per administrative employee	31,120	32,823	18,808	8,143	21,552	15,027
Payroll per sales employee	37,205	39,044	13,773	15,938	15,584	9,473
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES						
Payroll per employee - All employees	$ 20,790	$ 19,616	$ 12,939	$ 9,986	$ 15,072	$ 14,314
Payroll per factory employee	19,990	18,560	12,748	9,663	15,640	14,456
Payroll per administrative employee	16,306	15,570	9,898	6,642	11,026	10,493
Payroll per sales employee	29,295	28,769	7,137	9,483	8,774	3,368
EXECUTIVE PAYROLL						
Payroll per executive - All executives	46,193	53,649	15,021	11,225	24,837	17,165
Payroll per factory executive	29,797	30,303	8,298	11,982	12,489	15,542
Payroll per administrative executive	52,054	63,333	14,378	9,941	24,042	15,080
Payroll per sales executive	36,611	39,821	9,991	11,423	11,317	6,878
RECEIVABLES						
Collection period	57.1	57.7	39.4	45.1	45.2	45.2
PROFIT						
Gross profit percentage of sales	24.72%	30.10%	24.33%	29.37%	24.09%	28.75%
Average gross profit per factory employee	$ 32,181	$ 30,829	$ 17,092	$ 19,102	$ 19,955	$ 25,038
Income before taxes percentage of sales	3.68%	11.74%	2.14%	12.83%	1.67%	13.42%
Average income before taxes per employee	$ 2,708	$ 8,625	$ 915	$ 4,785	$ 1,507	$ 8,760

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 25,210	$ 27,611	$ 35,493	$ 45,285	$ 45,590	$ 58,458	$ 46,635	$ 47,850
40,213	42,081	70,899	64,771	62,858	77,470	61,511	63,934
9,957	13,680	12,935	20,940	18,668	31,245	21,256	25,516
34,443	32,887	44,749	48,487	46,146	49,523	42,966	43,429
115.55%	173.85%	127.00%	161.42%	121.89%	199.84%	138.57%	154.08%
69.03%	70.48%	72.86%	74.50%	76.85%	77.55%	81.39%	80.04%
18.63	20.03	13.57	12.91	10.89	10.72	8.22	7.92
12.34	9.49	13.57	12.59	12.26	11.73	10.39	12.04
$ 56,993	$ 55,931	$ 71,239	$ 72,479	$ 84,692	$ 101,836	$ 82,325	$ 84,117
85,437	81,038	170,383	99,188	111,495	130,836	102,407	106,454
55,885	54,637	81,957	64,044	68,894	80,151	62,290	69,843
340,222	326,314	570,680	657,502	872,422	1,021,388	1,198,575	1,201,176
66,424	64,827	79,599	79,654	91,546	109,499	87,566	89,750
92,351	85,726	176,408	103,867	116,924	134,947	107,608	113,049
60,224	57,800	85,701	67,063	72,223	82,597	65,576	74,420
255,303	274,482	493,117	518,823	815,029	677,380	1,257,163	1,335,088
487%	419%	402%	343%	375%	327%	361%	336%
42.01%	39.47%	40.48%	36.98%	40.16%	35.62%	39.27%	37.35%
93.80	82.76	76.06	65.31	78.31	82.58	79.30	75.51
$ 23,450	$ 21,801	$ 28,062	$ 26,166	$ 33,252	$ 34,360	$ 31,339	$ 30,859
21,820	19,910	25,238	22,854	29,431	29,244	27,748	26,523
27,781	27,994	31,762	33,584	39,490	47,481	39,772	42,285
26,812	27,056	40,643	40,750	54,303	55,979	59,421	66,992
$ 17,977	$ 16,364	$ 21,971	$ 19,991	$ 26,073	$ 26,016	$ 24,231	$ 23,820
18,109	16,625	20,893	18,462	24,007	24,028	21,896	21,317
14,657	13,506	17,046	16,423	19,423	18,019	21,058	20,520
18,329	14,147	33,292	32,463	45,707	43,605	50,261	55,374
36,444	33,195	48,461	56,034	68,704	100,987	63,265	69,990
23,895	16,255	33,177	37,740	39,212	35,025	43,657	49,536
37,913	34,543	54,049	68,837	79,375	107,456	89,669	104,201
22,331	19,052	39,491	42,610	59,959	58,292	70,974	85,014
54.0	55.0	60.1	63.7	62.1	56.0	63.3	62.1
25.74%	30.71%	24.67%	30.25%	24.00%	29.36%	23.16%	30.53%
$ 24,170	$ 26,514	$ 43,956	$ 31,672	$ 28,346	$ 38,780	$ 24,745	$ 34,947
3.15%	10.73%	3.87%	11.14%	4.29%	12.13%	6.54%	13.42%
$ 1,859	$ 5,957	$ 2,784	$ 8,263	$ 3,936	$ 12,406	$ 5,341	$ 11,234

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT						
Current Assets:						
Cash	$ 3.28	$ 6.01	$ 0.38	$(0.74)	$ 3.19	$ 4.04
Receivables	15.19	15.30	10.60	11.63	12.10	11.78
Inventories	5.42	4.84	4.89	4.52	4.81	2.35
Marketable securities	0.83	2.10	0.01	0.00	0.64	0.41
Other current assets	1.26	1.42	0.53	0.29	1.48	0.84
	25.98	29.67	16.41	15.70	22.22	19.42
Plant Investment:						
Land and building	5.49	5.13	1.81	0.00	7.54	3.68
Machinery and equipment	31.69	32.36	20.55	21.53	37.30	32.19
Other fixed assets	3.79	3.83	1.63	1.73	4.24	5.37
	40.97	41.32	23.99	23.26	49.08	41.24
Non-Current Assets	2.51	3.15	0.97	2.06	1.65	1.70
TOTAL INVESTMENT	69.46	74.14	41.37	41.02	72.95	62.36
INVESTMENT TURNOVER PER $100 OF SALES	143.97%	134.88%	241.72%	243.78%	137.08%	160.36%
EARNINGS						
Cost of Product	$75.28	$69.90	$75.67	$70.63	$75.91	$71.25
Selling Expenses	8.81	7.66	6.90	4.97	6.17	3.67
Administrative Expenses	10.85	10.05	13.98	9.75	14.64	10.48
	94.94	87.61	96.55	85.35	96.72	85.40
Income Before Interest, Other Income (Expense), and Taxes	5.06	12.39	3.45	14.65	3.28	14.60
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.28%	16.71%	8.34%	35.71%	4.50%	23.41%

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 3.89	$ 7.68	$ 3.20	$ 5.03	$ 3.01	$ 7.29	$ 2.84	$ 6.56
14.38	14.63	15.95	16.83	16.46	14.98	16.87	16.65
4.24	3.94	5.64	5.61	6.43	5.73	7.92	5.57
0.51	1.30	0.95	2.02	1.28	5.02	1.09	2.18
1.22	1.20	1.26	2.32	1.17	0.99	1.55	0.69
24.24	28.75	27.00	31.81	28.35	34.01	30.27	31.65
3.59	1.72	5.62	7.23	6.22	6.91	9.70	6.73
31.11	33.22	32.53	35.72	31.04	29.71	26.97	27.38
4.34	4.40	3.82	3.38	3.04	2.86	3.02	4.25
39.04	39.34	41.97	46.33	40.30	39.48	39.69	38.36
1.91	2.13	2.87	4.72	3.45	3.37	3.68	2.28
65.19	70.22	71.64	82.86	72.10	76.86	73.64	72.29
153.40%	142.41%	139.59%	120.69%	138.70%	130.11%	135.80%	138.33%
$74.26	$69.29	$75.33	$69.75	$76.00	$70.64	$76.84	$69.47
8.00	6.35	9.62	8.79	9.76	8.26	9.28	10.38
13.24	13.26	9.82	9.65	8.34	8.09	6.41	6.54
95.50	88.90	94.77	88.19	94.10	86.99	92.53	86.39
4.50	11.10	5.23	11.81	5.90	13.01	7.47	13.61
6.90%	15.81%	7.30%	14.25%	8.18%	16.93%	10.14%	18.83%

REPORT ON OPERATIONS - VALUE ADDED = 100% - ALL FIRMS AND PROFIT LEADERS

	NEW ENGLAND AND UP-STATE NEW YORK		METROPOLITAN NEW YORK AND NEW JERSEY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	42.07	37.43	38.91	33.86
FACTORY EXPENSES	20.08	17.24	22.08	18.10
TOTAL FACTORY COST OF PRODUCT	62.15	54.67	60.99	51.96
GROSS PROFIT	37.85	45.33	39.01	48.04
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	16.89	13.79	18.79	9.98
Selling expenses	13.51	12.69	11.79	9.46
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	30.40	26.48	30.58	19.44
INCOME BEFORE INTEREST EXPENSE	7.45	18.85	8.43	28.60
Interest expense	3.17	2.98	3.50	0.70
OPERATING INCOME	4.28	15.87	4.93	27.90
Other income (expense)	0.61	0.82	0.21	(3.60)
INCOME BEFORE INCOME TAXES	4.89	16.69	5.14	24.30

EASTERN PENNA., MARYLAND AND D.C.		SOUTHEAST ATLANTIC		EAST NORTH CENTRAL		SOUTH CENTRAL	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
44.84	42.23	41.78	37.48	42.65	43.36	42.90	36.35
19.05	15.94	20.45	20.02	18.09	14.51	20.40	13.72
63.89	58.17	62.23	57.50	60.74	57.87	63.30	50.07
36.11	41.83	37.77	42.50	39.26	42.13	36.70	49.93
15.50	9.83	15.38	12.81	16.72	10.74	15.76	15.87
13.21	12.60	12.48	10.10	14.49	14.77	15.19	17.25
28.71	22.43	27.86	22.91	31.21	25.51	30.95	33.12
7.40	19.40	9.91	19.59	3.05	16.62	5.75	16.81
3.22	1.25	2.80	2.32	3.06	2.34	3.53	1.46
4.18	18.15	7.11	17.27	4.99	14.28	2.22	15.35
0.79	1.52	0.70	1.61	0.63	(0.87)	1.80	2.80
4.97	19.67	7.81	18.88	5.62	13.41	4.02	18.15

SUPPORTING SCHEDULES - VALUE ADDED = 100% - ALL FIRMS AND PROFIT LEADERS

	NEW ENGLAND AND UP-STATE NEW YORK		METROPOLITAN NEW YORK AND NEW JERSEY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	3.29%	2.74%	1.41%	1.96%
Direct wages	28.84	26.87	27.87	23.70
General factory salaries and wages	2.52	1.10	2.71	1.69
Packing, shipping and delivery wages	1.19	0.83	0.61	0.23
Payroll taxes	3.02	2.57	3.28	2.26
Employee benefits	3.21	3.32	3.03	4.02
TOTAL FACTORY PAYROLL	42.07	37.43	38.91	33.86
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.41	0.28	0.32	1.49
Depreciation - other	5.31	5.31	5.67	5.40
Taxes - real estate	0.32	0.38	0.19	0.50
Taxes - other	0.22	0.08	0.10	0.06
Insurance	1.01	0.70	1.28	0.43
Building rent	2.79	1.46	2.81	1.95
Utilities - heat, light, etc.	2.04	1.71	2.65	2.11
Equipment rental	0.61	0.73	0.61	0.00
Total Fixed Expenses	12.71	10.65	13.63	11.94
Other Expenses				
Factory supplies and expense	2.92	3.03	2.28	1.94
Packing, shipping and delivery expense	1.53	1.09	1.58	1.92
Repairs and maintenance	1.83	1.91	1.91	1.56
Other factory expenses	1.09	0.56	2.68	0.74
Total Other Expenses	7.37	6.59	8.45	6.16
TOTAL FACTORY EXPENSES	20.08	17.24	22.08	18.10
ADMINISTRATIVE EXPENSES				
Salaries - executive	4.99	4.29	7.94	5.72
Salaries - office	4.61	3.74	3.59	1.03
Payroll taxes	0.75	0.56	0.80	0.19
Employee benefits	1.11	1.01	1.03	0.33
Bad debts	0.44	0.50	0.40	0.00
Office supplies and expenses	0.82	0.55	0.93	0.23
Professional fees	0.82	0.53	1.20	0.86
Taxes - business	0.13	0.08	0.12	0.01
Telephone	0.86	0.59	0.70	0.52
Other administrative expenses	2.36	1.93	2.08	1.09
TOTAL ADMINISTRATIVE EXPENSES	16.89	13.79	18.79	9.98
SELLING EXPENSES				
Salaries - executive	1.91	1.37	1.08	0.00
Salaries and commissions - salesmen	6.27	6.44	6.53	7.04
Salaries - sales office clerical	1.18	0.72	0.20	0.00
Payroll taxes	0.62	0.53	0.43	0.18
Employee benefits	0.60	0.57	0.31	0.21
Advertising	0.57	0.46	0.81	0.02
Travel and entertainment	1.47	2.00	1.05	0.70
Other selling expenses	0.89	0.60	1.38	1.31
TOTAL SELLING EXPENSES	13.51	12.69	11.79	9.46

EASTERN PENNA., MARYLAND AND D.C.		SOUTHEAST ATLANTIC		EAST NORTH CENTRAL		SOUTH CENTRAL	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.83%	1.53%	3.75%	2.71%	3.15%	2.88%	3.36%	3.32%
29.86	25.79	29.42	26.80	27.43	24.63	28.83	24.65
2.45	5.80	1.69	1.96	3.07	5.74	2.71	1.72
1.35	1.26	1.36	0.98	1.22	0.54	1.45	0.94
3.27	2.74	2.89	2.64	3.03	3.10	3.13	2.33
4.08	5.11	2.67	2.39	4.75	6.47	3.42	3.39
44.84	42.23	41.78	37.48	42.65	43.36	42.90	36.35
0.36	0.28	0.44	0.38	0.36	0.69	0.44	0.15
4.56	3.54	5.90	6.73	4.41	4.01	5.36	3.13
0.25	0.21	0.27	0.13	0.34	0.22	0.16	0.15
0.14	0.09	0.35	0.24	0.50	0.42	0.42	0.45
0.92	0.50	0.86	1.02	0.53	0.34	0.77	0.73
2.39	1.43	1.95	1.89	1.54	0.74	2.23	2.44
2.06	1.40	1.83	1.76	2.00	1.76	1.96	0.72
0.50	0.37	1.34	1.17	0.59	0.00	1.06	0.12
11.18	7.82	12.94	13.32	10.27	8.18	12.40	7.89
3.34	4.00	3.36	2.89	3.45	2.64	3.12	3.42
1.38	0.98	1.16	1.01	1.32	1.71	1.66	0.85
1.93	1.99	2.03	2.18	1.67	1.56	1.98	1.07
1.22	1.15	0.96	0.62	1.38	0.42	1.24	0.49
7.87	8.12	7.51	6.70	7.82	6.33	8.00	5.83
19.05	15.94	20.45	20.02	18.09	14.51	20.40	13.72
4.58	2.76	4.44	3.38	4.45	3.34	4.86	7.69
3.94	2.48	4.11	3.39	4.39	1.84	3.79	4.09
0.70	0.45	0.59	0.39	0.95	0.43	0.69	1.10
1.09	0.69	0.67	0.56	1.09	0.50	0.97	0.72
0.42	0.34	0.69	0.34	0.35	0.13	0.70	0.21
0.67	0.37	0.79	1.01	0.61	0.21	0.72	0.58
1.08	0.41	0.83	1.03	0.81	0.76	0.86	0.59
0.22	0.11	0.23	0.24	0.52	0.37	0.37	0.13
0.82	0.42	0.95	1.01	0.70	0.31	0.84	0.41
1.98	1.80	2.08	1.46	2.85	2.85	1.96	0.35
15.50	9.83	15.38	12.81	16.72	10.74	15.76	15.87
2.88	0.89	1.92	2.36	2.46	1.39	1.86	2.71
5.17	6.36	5.58	3.74	6.05	9.09	7.35	8.26
1.16	1.51	1.41	0.73	1.23	0.40	1.25	1.30
0.61	0.55	0.49	0.28	0.57	0.69	0.64	0.99
0.57	0.96	0.47	0.39	0.67	0.53	0.71	1.61
0.40	0.42	0.69	0.52	0.78	0.18	0.83	0.22
1.33	0.91	1.04	1.20	1.58	1.89	1.36	1.79
1.09	1.00	0.88	0.88	1.15	0.60	1.19	0.37
13.21	12.60	12.48	10.10	14.49	14.77	15.19	17.25

REPORT ON OPERATIONS - VALUE ADDED = 100% - ALL FIRMS AND PROFIT LEADERS

	CHICAGO AREA		WEST NORTH CENTRAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	44.15	34.26	41.47	38.85
FACTORY EXPENSES	19.60	16.94	19.77	16.41
TOTAL FACTORY COST OF PRODUCT	63.75	51.20	61.24	55.26
GROSS PROFIT	36.25	48.80	38.76	44.74
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	15.85	16.71	17.34	15.41
Selling expenses	13.10	11.95	13.59	11.70
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	28.95	28.66	30.93	27.11
INCOME BEFORE INTEREST EXPENSE	7.30	20.14	7.83	17.63
Interest expense	2.51	2.51	3.61	2.14
OPERATING INCOME	4.79	17.63	4.22	15.49
Other income	0.51	0.62	1.21	3.15
INCOME BEFORE INCOME TAXES	5.30	18.25	5.43	18.64

PLAINS AND MOUNTAIN STATES		PACIFIC SOUTHWEST		PACIFIC NORTHWEST		CANADA	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
39.94	33.90	38.49	33.78	41.25	37.46	44.27	38.42
20.48	19.55	20.19	19.36	20.87	17.77	16.48	15.47
60.42	53.45	58.68	53.14	62.12	55.23	60.75	53.89
39.58	46.55	41.32	46.86	37.88	44.77	39.25	46.11
17.91	17.30	18.41	17.03	17.39	13.70	16.06	16.74
13.60	12.38	15.05	7.71	13.92	12.16	14.45	11.68
31.51	29.68	33.46	24.74	31.31	25.86	30.51	28.42
8.07	16.87	7.86	22.12	6.57	18.91	8.74	17.69
2.80	2.13	2.62	2.58	3.87	3.47	3.30	2.26
5.27	14.74	5.24	19.54	2.70	15.44	5.44	15.43
1.20	1.70	0.91	1.87	1.25	0.61	1.20	1.76
6.47	16.44	6.15	21.41	3.95	16.05	6.64	17.19

SUPPORTING SCHEDULES - VALUE ADDED = 100% - ALL FIRMS AND PROFIT LEADERS

	CHICAGO AREA		WEST NORTH CENTRAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.71%	2.82%	2.32%	2.56%
Direct wages	30.29	22.33	29.84	27.10
General factory salaries and wages	2.37	1.42	2.00	1.80
Packing, shipping and delivery wages	1.65	2.31	1.14	0.56
Payroll taxes	3.34	2.42	2.88	2.72
Employee benefits	3.79	2.96	3.29	4.11
TOTAL FACTORY PAYROLL	44.15	34.26	41.47	38.85
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.36	0.39	0.45	0.18
Depreciation - other	4.55	5.30	5.34	4.96
Taxes - real estate	0.36	0.37	0.54	0.67
Taxes - other	0.11	0.23	0.11	0.06
Insurance	0.81	0.55	1.00	0.37
Building rent	2.57	1.73	1.92	1.61
Utilities - heat, light, etc.	2.16	1.28	1.99	1.60
Equipment rental	0.41	0.03	0.91	0.42
Total Fixed Expenses	11.33	9.88	12.26	9.87
Other Expenses				
Factory supplies and expense	2.98	1.90	3.15	2.58
Packing, shipping and delivery expense	2.05	2.34	1.70	1.44
Repairs and maintenance	2.08	2.08	1.98	1.95
Other factory expenses	1.16	0.74	0.68	0.57
Total Other Expenses	8.27	7.06	7.51	6.54
TOTAL FACTORY EXPENSES	19.60	16.94	19.77	16.41
ADMINISTRATIVE EXPENSES				
Salaries - executive	5.16	5.26	6.11	4.82
Salaries - office	3.60	3.78	4.37	4.11
Payroll taxes	0.74	0.62	0.78	0.46
Employee benefits	1.00	1.31	0.94	1.13
Bad debts	0.74	1.26	0.51	0.35
Office supplies and expenses	0.76	0.58	0.84	0.88
Professional fees	0.98	0.96	0.79	0.82
Taxes - business	0.19	0.38	0.24	0.33
Telephone	0.76	0.81	0.72	0.57
Other administrative expenses	1.92	1.75	2.04	1.94
TOTAL ADMINISTRATIVE EXPENSES	15.85	16.71	17.34	15.41
SELLING EXPENSES				
Salaries - executive	2.63	2.16	2.69	2.04
Salaries and commissions - salesmen	4.97	4.36	6.32	5.90
Salaries - sales office clerical	0.95	1.27	0.66	0.52
Payroll taxes	0.52	0.44	0.52	0.49
Employee benefits	0.58	0.42	0.60	0.58
Advertising	0.61	0.62	0.86	0.82
Travel and entertainment	1.52	1.19	1.27	0.81
Other selling expenses	1.32	1.49	0.67	0.54
TOTAL SELLING EXPENSES	13.10	11.95	13.59	11.70

PLAINS AND MOUNTAIN STATES		PACIFIC SOUTHWEST		PACIFIC NORTHWEST		CANADA	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.61%	3.49%	2.81%	1.76%	2.80%	2.11%	3.38%	3.78%
27.37	22.60	27.58	25.86	28.97	25.45	33.02	27.38
2.62	2.91	1.39	0.29	1.89	2.67	2.83	2.81
1.25	0.64	1.27	1.06	0.91	1.13	1.10	1.25
2.80	2.20	2.87	2.76	3.70	2.84	1.49	1.30
2.29	2.06	2.57	2.05	2.98	3.26	2.45	1.90
39.94	33.90	38.49	33.78	41.25	37.46	44.27	38.42
0.32	0.21	0.14	0.00	0.20	0.05	0.40	0.74
5.75	6.57	5.08	5.26	6.08	6.29	4.08	4.23
0.33	0.21	0.05	0.00	0.20	0.22	0.50	0.53
0.46	0.34	0.36	0.33	0.53	0.34	0.14	0.07
0.97	1.21	1.19	1.15	0.94	0.68	0.48	0.56
2.32	2.84	3.45	3.89	4.09	3.48	2.23	1.78
1.85	1.49	1.44	1.46	1.21	1.06	1.23	1.07
1.02	0.76	1.47	0.87	1.37	0.36	0.41	0.15
13.02	13.63	13.18	12.96	14.62	12.48	9.47	9.13
2.69	1.96	2.67	2.09	2.14	2.30	2.30	2.01
1.46	1.26	1.26	0.89	1.50	0.95	1.71	1.40
2.13	1.89	2.28	2.29	2.01	1.52	2.12	2.42
1.18	0.81	0.80	1.13	0.60	0.52	0.88	0.51
7.46	5.92	7.01	6.40	6.25	5.29	7.01	6.34
20.48	19.55	20.19	19.36	20.87	17.77	16.48	15.47
6.46	6.73	5.46	4.02	5.18	4.37	4.28	4.82
3.83	3.73	4.53	4.01	3.75	2.09	4.55	4.67
0.80	0.68	0.65	0.59	0.85	0.47	0.27	0.18
0.82	0.91	1.00	1.48	1.01	0.99	0.47	0.51
1.06	0.72	0.82	0.64	0.90	1.06	1.25	1.39
0.79	0.73	0.87	1.00	0.81	0.60	0.95	0.92
0.84	0.77	1.26	0.91	0.92	0.81	0.96	0.99
0.25	0.30	0.27	0.93	0.68	0.76	0.28	0.24
0.71	0.66	0.93	0.70	0.96	0.62	1.02	0.83
2.35	2.07	2.62	2.75	2.33	1.93	2.03	2.19
17.91	17.30	18.41	17.03	17.39	13.70	16.06	16.74
2.31	2.87	2.25	0.53	2.10	2.44	2.15	1.85
6.75	5.38	6.42	3.97	7.07	5.70	6.75	5.35
1.10	0.92	1.08	0.27	0.76	0.77	1.36	0.47
0.50	0.46	0.55	0.19	0.68	0.54	0.26	0.13
0.38	0.50	0.48	0.14	0.51	0.57	0.33	0.28
0.70	0.70	0.76	0.64	0.80	0.39	0.84	0.96
1.07	0.91	1.81	1.29	1.06	1.31	1.74	1.66
0.79	0.64	1.70	0.68	0.94	0.44	1.02	0.98
13.60	12.38	15.05	7.71	13.92	12.16	14.45	11.68

REPORT ON OPERATIONS - SALES = 100% - ALL FIRMS AND PROFIT LEADERS

	NEW ENGLAND AND UP-STATE NEW YORK		METROPOLITAN NEW YORK AND NEW JERSEY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	21.44	21.07	19.03	10.50
Other chargeable materials	4.81	5.46	5.80	5.41
Outside services	7.51	7.37	9.02	9.87
TOTAL MATERIALS	33.76	33.90	33.85	25.78
FACTORY PAYROLL	27.81	24.81	24.76	25.47
FACTORY EXPENSES	13.35	11.52	15.29	13.31
TOTAL FACTORY COST OF PRODUCT	74.92	70.23	73.90	64.56
GROSS PROFIT	25.08	29.77	26.10	35.44
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	11.28	9.03	12.84	7.47
Selling expenses	8.84	8.22	7.42	6.96
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	20.12	17.25	20.26	14.43
INCOME BEFORE INTEREST EXPENSE	4.96	12.52	5.84	21.01
Interest expense	2.09	1.96	2.18	0.51
OPERATING INCOME	2.87	10.56	3.66	20.50
Other income (expense)	0.40	0.49	(0.02)	(2.86)
INCOME BEFORE INCOME TAXES	3.27	11.05	3.64	17.64

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	1.22%	1.55%	1.39%	1.81%
Film	1.16	1.11	1.61	1.93
Plates	1.40	1.35	1.80	1.18
Other chargeable materials	1.03	1.45	1.00	0.49
TOTAL OTHER CHARGEABLE MATERIALS	4.81	5.46	5.80	5.41
OUTSIDE SERVICES				
Composition	0.53	0.07	0.46	0.00
Offset preparation	1.15	1.51	0.80	0.25
Printing	1.74	1.90	0.99	0.00
Binding	2.78	3.64	4.17	0.64
Other outside services	1.31	0.25	2.60	8.98
TOTAL OUTSIDE SERVICES	7.51	7.37	9.02	9.87

*** Information not submitted.

EASTERN PENNA., MARYLAND AND D.C.		SOUTHEAST ATLANTIC		EAST NORTH CENTRAL		SOUTH CENTRAL	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
19.80	19.70	20.83	20.86	21.41	24.36	22.60	27.37
5.15	5.28	6.08	6.02	6.03	5.32	4.89	4.08
9.32	6.47	6.77	7.78	7.77	7.22	10.53	6.29
34.27	31.45	33.68	34.66	35.21	36.90	38.02	37.74
29.73	29.17	27.63	24.53	27.66	27.50	26.61	22.56
12.44	10.94	13.62	13.00	11.75	9.11	12.68	8.52
76.44	71.56	74.93	72.19	74.62	73.51	77.31	68.82
23.56	28.44	25.07	27.81	25.38	26.49	22.69	31.18
10.14	6.76	10.21	8.42	10.81	6.79	9.78	9.72
8.61	8.50	8.31	6.70	9.36	9.21	9.32	10.98
18.75	15.26	18.52	15.12	20.17	16.00	19.10	20.70
4.81	13.18	6.55	12.69	5.21	10.49	3.59	10.48
2.06	0.83	1.84	1.49	1.95	1.55	2.17	0.88
2.75	12.35	4.71	11.20	3.26	8.94	1.42	9.60
0.53	0.98	0.43	1.02	0.38	(0.52)	1.05	1.82
3.28	13.33	5.14	12.22	3.64	8.42	2.47	11.42
1.10%	1.34%	1.11%	1.14%	1.33%	2.66%	1.29%	
0.84	1.22	1.65	1.14	1.19	0.40	0.98	
1.23	1.01	1.12	0.94	1.52	1.28	1.21	
1.98	1.71	2.20	2.80	1.99	0.98	1.41	
5.15	5.28	6.08	6.02	6.03	5.32	4.89	***
1.39	0.39	0.69	0.70	0.68	0.01	0.77	0.01%
0.85	1.38	1.50	1.64	1.58	4.81	1.98	0.00
1.94	0.95	1.58	2.58	1.45	0.12	3.13	4.53
3.08	2.47	0.78	0.94	1.85	2.13	2.23	0.14
2.06	1.28	2.22	1.92	2.21	0.15	2.42	1.61
9.32	6.47	6.77	7.78	7.77	7.22	10.53	6.29

SUPPORTING SCHEDULES - SALES = 100% - ALL FIRMS AND PROFIT LEADERS

	NEW ENGLAND AND UP-STATE NEW YORK		METROPOLITAN NEW YORK AND NEW JERSEY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.20%	1.84%	0.92%	1.39%
Direct wages	19.04	17.87	17.91	17.93
General factory salaries and wages	1.67	0.70	1.59	1.31
Packing, shipping and delivery wages	0.77	0.53	0.38	0.16
Payroll taxes	2.00	1.70	2.06	1.70
Employee benefits	2.13	2.17	1.90	2.98
TOTAL FACTORY PAYROLL	27.81	24.81	24.76	25.47
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.26	0.19	0.22	1.06
Depreciation - other	3.54	3.52	3.53	3.88
Taxes - real estate	0.21	0.26	0.14	0.35
Taxes - other	0.15	0.05	0.06	0.04
Insurance	0.68	0.47	0.88	0.32
Building rent	1.86	0.99	1.86	1.48
Utilities - heat, light, etc.	1.35	1.13	1.71	1.57
Equipment rental	0.42	0.51	0.57	0.00
Total Fixed Expenses	8.47	7.12	8.97	8.70
Other Expenses				
Factory supplies and expense	1.95	2.04	1.49	1.48
Packing, shipping and delivery expense	1.00	0.72	1.03	1.41
Repairs and maintenance	1.21	1.28	1.22	1.18
Other factory expenses	0.72	0.36	2.58	0.54
Total Other Expenses	4.88	4.40	6.32	4.61
TOTAL FACTORY EXPENSES	13.35	11.52	15.29	13.31
ADMINISTRATIVE EXPENSES				
Salaries - executive	3.38	2.79	5.48	4.29
Salaries - office	3.07	2.49	2.40	0.77
Payroll taxes	0.50	0.37	0.59	0.14
Employee benefits	0.73	0.64	0.69	0.24
Bad debts	0.30	0.33	0.28	0.00
Office supplies and expenses	0.54	0.36	0.64	0.17
Professional fees	0.54	0.36	0.77	0.65
Taxes - business	0.09	0.06	0.08	0.01
Telephone	0.57	0.39	0.47	0.39
Other administrative expenses	1.56	1.24	1.44	0.81
TOTAL ADMINISTRATIVE EXPENSES	11.28	9.03	12.84	7.47
SELLING EXPENSES				
Salaries - executive	1.25	0.92	0.73	0.00
Salaries and commissions - salesmen	4.07	4.13	3.90	5.18
Salaries - sales office clerical	0.79	0.45	0.11	0.00
Payroll taxes	0.41	0.35	0.25	0.13
Employee benefits	0.39	0.37	0.20	0.15
Advertising	0.38	0.30	0.61	0.02
Travel and entertainment	0.96	1.30	0.77	0.51
Other selling expenses	0.59	0.40	0.85	0.97
TOTAL SELLING EXPENSES	8.84	8.22	7.42	6.96

EASTERN PENNA., MARYLAND AND D.C.		SOUTHEAST ATLANTIC		EAST NORTH CENTRAL		SOUTH CENTRAL	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.52%	1.08%	2.51%	1.81%	2.03%	1.81%	2.07%	2.04%
19.83	17.78	19.43	17.49	17.82	15.68	17.87	15.33
1.62	4.01	1.13	1.30	1.97	3.51	1.69	1.02
0.88	0.86	0.89	0.66	0.79	0.37	0.92	0.56
2.18	1.92	1.91	1.72	1.97	1.96	1.95	1.44
2.70	3.52	1.76	1.55	3.08	4.17	2.11	2.17
29.73	29.17	27.63	24.53	27.66	27.50	26.61	22.56
0.24	0.19	0.30	0.25	0.23	0.47	0.26	0.09
2.98	2.39	3.87	4.41	2.88	2.50	3.26	1.93
0.17	0.15	0.18	0.09	0.22	0.15	0.10	0.09
0.09	0.06	0.23	0.16	0.33	0.25	0.25	0.29
0.61	0.35	0.57	0.67	0.34	0.21	0.48	0.46
1.55	1.08	1.28	1.24	1.02	0.45	1.42	1.52
1.34	0.96	1.21	1.15	1.29	1.11	1.22	0.43
0.32	0.25	0.98	0.73	0.39	0.00	0.72	0.07
7.30	5.43	8.62	8.70	6.70	5.14	7.71	4.88
2.20	2.71	2.27	1.82	2.23	1.67	1.99	2.17
0.90	0.64	0.76	0.64	0.84	1.02	1.03	0.54
1.26	1.38	1.34	1.41	1.08	1.00	1.21	0.64
0.78	0.78	0.63	0.43	0.90	0.28	0.74	0.29
5.14	5.51	5.00	4.30	5.05	3.97	4.97	3.64
12.44	10.94	13.62	13.00	11.75	9.11	12.68	8.52
2.98	1.94	2.97	2.23	2.91	2.13	3.02	4.68
2.58	1.70	2.73	2.27	2.83	1.17	2.34	2.53
0.46	0.31	0.40	0.26	0.62	0.27	0.43	0.67
0.71	0.46	0.45	0.37	0.71	0.31	0.60	0.44
0.27	0.23	0.45	0.22	0.22	0.08	0.44	0.12
0.44	0.25	0.52	0.65	0.40	0.14	0.45	0.36
0.70	0.29	0.55	0.67	0.53	0.48	0.53	0.36
0.15	0.08	0.15	0.15	0.33	0.23	0.24	0.09
0.54	0.29	0.62	0.65	0.45	0.20	0.52	0.26
1.31	1.21	1.37	0.95	1.81	1.78	1.21	0.21
10.14	6.76	10.21	8.42	10.81	6.79	9.78	9.72
1.85	0.64	1.27	1.55	1.58	0.90	1.12	1.65
3.40	4.31	3.72	2.49	3.90	5.60	4.49	5.35
0.76	0.97	0.94	0.49	0.81	0.25	0.78	0.84
0.40	0.37	0.33	0.19	0.37	0.43	0.39	0.63
0.38	0.64	0.31	0.26	0.43	0.34	0.43	1.00
0.26	0.30	0.47	0.35	0.51	0.12	0.52	0.13
0.86	0.62	0.68	0.78	1.02	1.18	0.84	1.16
0.70	0.65	0.59	0.59	0.74	0.39	0.75	0.22
8.61	8.50	8.31	6.70	9.36	9.21	9.32	10.98

REPORT ON OPERATIONS - SALES = 100% - ALL FIRMS AND PROFIT LEADERS

	CHICAGO AREA		WEST NORTH CENTRAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	21.05	16.59	23.33	21.89
Other chargeable materials	4.79	3.26	4.65	4.90
Outside services	10.22	8.50	8.21	10.66
TOTAL MATERIALS	36.06	28.35	36.19	37.45
FACTORY PAYROLL	28.14	24.27	26.37	24.16
FACTORY EXPENSES	12.38	12.00	12.61	10.32
TOTAL FACTORY COST OF PRODUCT	76.58	64.62	75.17	71.93
GROSS PROFIT	23.42	35.38	24.83	28.07
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.03	11.92	11.17	9.80
Selling expenses	8.38	9.08	8.60	7.19
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	18.41	21.00	19.77	16.99
INCOME BEFORE INTEREST EXPENSE	5.01	14.38	5.06	11.08
Interest expense	1.55	1.68	2.31	1.31
OPERATING INCOME	3.46	12.70	2.75	9.77
Other income	0.36	0.43	0.73	1.77
INCOME BEFORE INCOME TAXES	3.82	13.13	3.48	11.54

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	1.35%	0.71%	1.30%	1.71%
Film	1.30	0.54	1.06	0.83
Plates	1.13	0.86	1.51	1.25
Other chargeable materials	1.01	1.15	0.78	1.11
TOTAL OTHER CHARGEABLE MATERIALS	4.79	3.26	4.65	4.90
OUTSIDE SERVICES				
Composition	0.87	0.29	0.44	0.39
Offset preparation	1.48	1.35	2.08	4.19
Printing	3.45	1.25	1.73	0.93
Binding	1.58	1.39	1.22	1.86
Other outside services	2.84	4.22	2.74	3.29
TOTAL OUTSIDE SERVICES	10.22	8.50	8.21	10.66

PLAINS AND MOUNTAIN STATES		PACIFIC SOUTHWEST		PACIFIC NORTHWEST		CANADA	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
19.90	18.88	19.28	21.38	20.17	17.49	22.09	22.07
4.78	4.25	4.56	3.06	4.83	4.74	5.51	6.46
9.44	9.16	12.16	12.52	10.88	8.33	9.65	6.42
34.12	32.29	36.00	36.96	35.88	30.56	37.25	34.95
26.28	23.01	24.78	21.49	26.66	26.19	27.77	25.08
13.48	13.10	12.97	12.37	13.37	12.33	10.36	10.12
73.88	68.40	73.75	70.82	75.91	69.08	75.38	70.15
26.12	31.60	26.25	29.18	24.09	30.92	24.62	29.85
11.93	11.92	12.03	10.82	11.07	9.52	10.14	10.98
8.82	8.24	9.30	4.98	8.64	8.36	8.97	7.48
20.75	20.16	21.33	15.80	19.71	17.88	19.11	18.46
5.37	11.44	4.92	13.38	4.38	13.04	5.51	11.39
1.81	1.39	1.70	1.75	2.48	2.31	2.04	1.43
3.56	10.05	3.22	11.63	1.90	10.73	3.47	9.96
0.80	1.16	0.57	1.28	0.72	0.39	0.72	1.07
4.36	11.21	3.79	12.91	2.62	11.12	4.19	11.03
1.34%	1.21%	1.18%	0.71%	1.23%	1.06%	1.21%	1.63%
1.13	0.71	1.23	0.80	1.24	1.01	1.47	1.86
1.23	1.38	1.17	0.50	1.33	1.30	1.02	1.48
1.08	0.95	0.98	1.05	1.03	1.37	1.81	1.49
4.78	4.25	4.56	3.06	4.83	4.74	5.51	6.46
1.10	1.17	1.00	0.61	1.03	0.24	1.12	0.63
1.18	1.22	2.05	2.16	1.23	1.05	2.14	1.82
3.37	3.75	3.99	5.16	3.45	1.60	2.06	1.19
1.91	1.45	2.67	0.98	2.92	3.77	1.87	1.57
1.88	1.57	2.45	3.61	2.25	1.67	2.46	1.21
9.44	9.16	12.16	12.52	10.88	8.33	9.65	6.42

SUPPORTING SCHEDULES - SALES = 100% - ALL FIRMS AND PROFIT LEADERS

	CHICAGO AREA		WEST NORTH CENTRAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.74%	2.08%	1.46%	1.62%
Direct wages	19.29	15.73	19.08	16.88
General factory salaries and wages	1.52	1.06	1.23	1.05
Packing, shipping and delivery wages	1.05	1.62	0.69	0.36
Payroll taxes	2.13	1.71	1.82	1.69
Employee benefits	2.41	2.07	2.09	2.56
TOTAL FACTORY PAYROLL	28.14	24.27	26.37	24.16
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.24	0.29	0.30	0.11
Depreciation - other	2.94	3.72	3.39	3.12
Taxes - real estate	0.23	0.27	0.34	0.42
Taxes - other	0.08	0.16	0.07	0.04
Insurance	0.51	0.38	0.66	0.24
Building rent	1.55	1.22	1.22	1.02
Utilities - heat, light, etc.	1.36	0.91	1.27	1.00
Equipment rental	0.27	0.02	0.59	0.29
Total Fixed Expenses	7.18	6.97	7.84	6.24
Other Expenses				
Factory supplies and expense	1.85	1.40	2.02	1.58
Packing, shipping and delivery expense	1.25	1.62	1.08	0.93
Repairs and maintenance	1.34	1.49	1.24	1.22
Other factory expenses	0.76	0.52	0.43	0.35
Total Other Expenses	5.20	5.03	4.77	4.08
TOTAL FACTORY EXPENSES	12.38	12.00	12.61	10.32
ADMINISTRATIVE EXPENSES				
Salaries - executive	3.24	3.71	3.94	3.04
Salaries - office	2.33	2.71	2.82	2.66
Payroll taxes	0.46	0.44	0.51	0.29
Employee benefits	0.62	0.91	0.61	0.72
Bad debts	0.45	0.88	0.32	0.23
Office supplies and expenses	0.48	0.41	0.54	0.57
Professional fees	0.61	0.70	0.50	0.52
Taxes - business	0.13	0.27	0.17	0.21
Telephone	0.48	0.59	0.46	0.35
Other administrative expenses	1.23	1.30	1.30	1.21
TOTAL ADMINISTRATIVE EXPENSES	10.03	11.92	11.17	9.80
SELLING EXPENSES				
Salaries - executive	1.61	1.63	1.79	1.31
Salaries and commissions - salesmen	3.20	3.19	3.89	3.53
Salaries - sales office clerical	0.66	1.05	0.42	0.32
Payroll taxes	0.33	0.35	0.33	0.30
Employee benefits	0.37	0.33	0.38	0.36
Advertising	0.41	0.46	0.55	0.55
Travel and entertainment	0.94	0.89	0.82	0.48
Other selling expenses	0.86	1.18	0.42	0.34
TOTAL SELLING EXPENSES	8.38	9.08	8.60	7.19

PLAINS AND MOUNTAIN STATES		PACIFIC SOUTHWEST		PACIFIC NORTHWEST		CANADA	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.40%	2.39%	1.80%	1.08%	1.83%	1.49%	2.11%	2.48%
17.94	15.20	17.75	16.45	18.73	17.76	20.79	17.92
1.73	2.06	0.89	0.19	1.22	1.96	1.73	1.81
0.83	0.44	0.82	0.65	0.57	0.73	0.68	0.79
1.85	1.50	1.85	1.76	2.39	1.97	0.93	0.85
1.53	1.42	1.67	1.36	1.92	2.28	1.53	1.23
26.28	23.01	24.78	21.49	26.66	26.19	27.77	25.08
0.21	0.14	0.09	0.00	0.12	0.03	0.27	0.51
3.75	4.30	3.29	3.41	3.92	4.26	2.55	2.76
0.21	0.14	0.03	0.00	0.13	0.17	0.32	0.34
0.31	0.24	0.23	0.22	0.34	0.23	0.09	0.04
0.65	0.84	0.75	0.69	0.61	0.48	0.31	0.37
1.53	1.93	2.24	2.46	2.63	2.46	1.42	1.20
1.21	0.99	0.92	0.92	0.79	0.74	0.77	0.68
0.67	0.54	0.94	0.59	0.89	0.24	0.27	0.11
8.54	9.12	8.49	8.29	9.43	8.61	6.00	6.01
1.77	1.32	1.73	1.38	1.39	1.63	1.43	1.32
0.96	0.84	0.81	0.49	0.87	0.65	1.07	0.90
1.42	1.26	1.47	1.49	1.29	1.07	1.33	1.57
0.79	0.56	0.47	0.72	0.39	0.37	0.53	0.32
4.94	3.98	4.48	4.08	3.94	3.72	4.36	4.11
13.48	13.10	12.97	12.37	13.37	12.33	10.36	10.12
4.35	4.65	3.61	2.61	3.32	3.06	2.73	3.20
2.56	2.56	2.96	2.56	2.35	1.44	2.92	3.13
0.54	0.47	0.42	0.37	0.54	0.33	0.17	0.12
0.55	0.63	0.65	0.93	0.64	0.68	0.30	0.33
0.67	0.47	0.52	0.39	0.56	0.72	0.76	0.88
0.52	0.50	0.56	0.65	0.51	0.42	0.60	0.61
0.54	0.53	0.86	0.56	0.59	0.54	0.60	0.64
0.17	0.19	0.16	0.52	0.46	0.53	0.18	0.15
0.46	0.46	0.61	0.47	0.60	0.43	0.64	0.53
1.57	1.46	1.68	1.76	1.50	1.37	1.24	1.39
11.93	11.92	12.03	10.82	11.07	9.52	10.14	10.98
1.50	1.84	1.31	0.31	1.31	1.81	1.33	1.19
4.35	3.60	4.00	2.62	4.35	3.74	4.21	3.42
0.71	0.65	0.63	0.17	0.48	0.54	0.82	0.29
0.33	0.31	0.34	0.12	0.43	0.38	0.16	0.08
0.25	0.33	0.31	0.10	0.32	0.39	0.20	0.18
0.47	0.50	0.49	0.39	0.51	0.28	0.53	0.61
0.70	0.59	1.15	0.87	0.68	0.92	1.09	1.07
0.51	0.42	1.07	0.40	0.56	0.30	0.63	0.64
8.82	8.24	9.30	4.98	8.64	8.36	8.97	7.48

BALANCE SHEET - ALL FIRMS

ASSETS	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
CURRENT ASSETS			
Cash	5.28%	10.39%	9.17%
Receivables	33.90	32.77	34.92
Inventories	11.84	9.06	10.38
Other current assets	5.95	7.23	2.63
TOTAL CURRENT ASSETS	56.97	59.45	57.10
FIXED ASSETS			
Real estate	8.39	7.18	8.95
Less: Accumulated depreciation	2.41	1.66	3.17
	5.98	5.52	5.78
Machinery and equipment	70.82	67.51	70.26
Less: Accumulated depreciation	42.00	41.62	41.88
	28.82	25.89	28.38
Other fixed assets	9.79	7.31	8.39
Less: Accumulated depreciation	5.15	3.80	4.82
	4.64	3.51	3.57
NET FIXED ASSETS	39.44	34.92	37.73
OTHER ASSETS	3.59	5.63	5.17
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	9.95	12.36	10.05
Accounts pavable	15.96	13.31	14.99
Other current liabilities	9.12	10.60	11.12
TOTAL CURRENT LIABILITIES	35.03	36.27	36.16
LONG-TERM LIABILITIES	30.98	22.45	26.10
TOTAL LIABILITIES	66.01	58.72	62.26
SHAREHOLDERS' AND PROPRIETORS' EQUITY	33.99	41.28	37.74
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.63	1.64	1.58
QUICK RATIO	1.29	1.39	1.29
TOTAL LIABILITIES TO EQUITY	1.94	1.42	1.65
LONG-TERM LIABILITIES TO EQUITY	0.91	0.54	0.69
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.59	0.62	0.60

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
6.21%	6.42%	2.04%	6.55%	7.46%	9.53%	8.97%	5.94%	2.47%
32.34	32.61	34.89	32.81	30.08	32.93	33.63	33.88	36.87
10.18	14.03	16.55	12.81	12.63	9.08	8.47	10.82	12.99
2.43	3.77	3.70	4.21	2.50	2.53	4.77	3.50	4.56
51.16	56.83	57.18	56.38	52.67	54.07	55.84	54.14	56.89
9.98	13.27	10.40	7.82	12.37	10.45	2.93	5.54	11.15
3.18	4.51	3.31	3.30	3.99	2.99	1.15	1.84	3.08
6.80	8.76	7.09	4.52	8.38	7.46	1.78	3.70	8.07
67.93	61.73	65.17	66.69	64.92	70.10	67.06	70.02	67.17
36.66	35.91	38.07	37.33	35.36	39.54	36.07	34.96	37.30
31.27	25.82	27.10	29.36	29.56	30.56	30.99	35.06	29.87
10.61	8.02	8.78	8.06	6.30	8.00	10.81	6.52	6.10
5.16	4.67	5.27	4.04	3.26	4.15	5.39	3.48	3.47
5.45	3.35	3.51	4.02	3.04	3.85	5.42	3.04	2.63
43.52	37.93	37.70	37.90	40.98	41.87	38.19	41.80	40.57
5.32	5.24	5.12	5.72	6.35	4.06	5.97	4.06	2.54
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
7.79	7.43	10.08	8.30	6.36	10.41	10.34	12.18	12.09
12.25	11.70	14.09	14.99	12.27	12.31	16.69	13.56	16.99
7.83	9.36	9.61	8.77	9.87	5.34	10.03	8.15	10.80
27.87	28.49	33.78	32.06	28.50	28.06	37.06	33.89	39.88
34.01	22.81	33.89	33.94	31.20	28.61	25.95	34.02	28.71
61.88	51.30	67.67	66.00	59.70	56.67	63.01	67.91	68.59
38.12	48.70	32.33	34.00	40.30	43.33	36.99	32.09	31.41
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.84	1.99	1.69	1.76	1.85	1.93	1.51	1.60	1.43
1.47	1.50	1.20	1.36	1.40	1.60	1.28	1.28	1.10
1.62	1.05	2.09	1.94	1.48	1.31	1.70	2.12	2.18
0.89	0.47	1.05	1.00	0.77	0.66	0.70	1.06	0.91
0.54	0.58	0.58	0.56	0.54	0.56	0.54	0.50	0.56

SIGNIFICANT FACTS - ALL FIRMS

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
INVESTMENT			
Average assets per employee - All employees	$ 31,722	$ 46,928	$ 33,074
Average assets per factory employee (Excluding Executives)	44,640	66,741	47,232
Average net worth per employee - All employees	11,392	20,596	12,238
Average gross plant investment per factory employee (Excluding Executives)	38,190	54,244	37,254
Net worth percentage of fixed assets	105.47%	155.97%	118.66%
EMPLOYEES			
Percent factory - All employees	74.73%	70.91%	75.26%
Percent administrative - All employees	14.36	20.09	13.89
Percent sales - All employees	10.91	9.00	10.85
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 64,416	$ 89,399	$ 67,457
Sales per factory employee	85,992	128,783	91,543
Sales less material per factory employee	56,462	85,081	58,503
Sales per administrative employee	621,922	749,844	581,853
EXCLUDING EXECUTIVES			
Sales per employee - All employees	71,272	99,002	76,202
Sales per factory employee	91,169	131,434	97,348
Sales less material per factory employee	59,828	86,846	62,177
SALES PER SALESMAN	667,845	664,294	633,441
SALES TO CURRENT ASSETS	409%	381%	415%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	42.40%	39.11%	43.26%
Factory payroll percentage of gross plant investment	77.76	88.36	87.67
Payroll per employee - All employees	$ 26,706	$ 33,997	$ 28,084
Payroll per factory employee	23,479	29,804	25,622
Payroll per administrative employee	34,918	41,783	30,217
Payroll per sales employee	40,272	47,691	41,800
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 20,573	$ 25,620	$ 21,064
Payroll per factory employee	19,213	24,381	20,379
Payroll per administrative employee	17,787	16,622	16,015
Payroll per sales employee	32,483	40,496	31,003
EXECUTIVE PAYROLL			
Payroll per executive - All executives	54,032	80,684	51,820
Payroll per factory executive	33,653	24,849	33,845
Payroll per administrative executive	64,156	86,992	53,311
Payroll per sales executive	45,471	28,791	39,860
RECEIVABLES			
Collection period	57.8	57.6	60.3
PROFIT			
Gross profit percentage of sales	25.08%	26.10%	23.56%
Average gross profit per factory employee	$ 23,190	$ 35,238	$ 23,310
Income before taxes percentage of sales	3.27%	3.64%	3.28%
Average income before taxes per employee	$ 2,612	$ 3.982	$ 2,560

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
$ 28,238	$ 36,822	$ 35,603	$ 37,271	$ 37,057	$ 32,426	$ 31,874	$ 35,920	$ 28,887
40,375	53,867	53,745	52,977	53,153	47,897	46,969	136,300	44,300
11,434	17,045	14,237	13,006	15,358	15,442	12,339	12,079	9,352
33,974	42,484	42,744	41,311	41,277	41,686	36,271	55,467	35,739
78.39%	159.12%	111.90%	106.76%	153.20%	161.53%	148.06%	97.01%	90.12%
75.52%	73.03%	73.12%	75.35%	72.62%	71.67%	71.06%	68.68%	70.57%
12.58	14.81	14.25	13.27	15.56	16.02	16.22	16.13	15.91
11.90	12.16	12.63	11.38	11.82	12.31	12.72	15.19	13.52
$ 55,491	$ 72,146	$ 69,738	$ 76,852	$ 67,199	$ 65,241	$ 77,433	$ 76,344	$ 54,024
74,415	99,461	98,122	105,119	93,326	92,290	110,617	414,320	78,696
49,106	63,971	59,266	65,747	58,473	60,245	67,169	156,045	48,435
500,919	661,592	599,393	753,043	505,484	526,062	634,922	544,917	428,844
62,058	80,467	77,988	88,281	74,990	74,764	87,319	87,168	61,078
79,640	105,729	106,615	111,400	97,691	98,916	116,941	421,185	84,287
52,559	67,983	64,086	69,686	61,213	64,609	71,118	160,456	51,781
439,527	691,391	620,369	684,623	524,264	475,031	427,785	431,664	413,516
451%	392%	454%	451%	417%	526%	579%	448%	385%
40.75%	41.82%	40.21%	40.95%	41.07%	41.42%	39.02%	40.41%	40.60%
79.46	80.77	89.11	87.61	72.55	86.18	97.43	88.08	81.51
$ 22,035	$ 29,805	$ 27,651	$ 30,728	$ 27,037	$ 26,545	$ 28,246	$ 29,331	$ 21,407
19,893	26,983	24,704	27,613	24,078	23,411	25,231	27,754	20,760
28,151	34,895	31,511	38,564	32,436	32,675	31,671	31,835	20,793
32,679	44,668	41,582	41,555	38,036	38,724	35,331	36,879	25,977
$ 17,257	$ 22,117	$ 21,254	$ 23,343	$ 20,665	$ 20,614	$ 21,991	$ 22,743	$ 18,369
16,438	21,184	20,020	22,406	19,828	19,493	20,950	22,747	18,355
14,724	17,134	16,022	20,847	16,124	16,132	17,085	15,980	13,764
24,926	35,601	32,709	32,054	29,030	32,806	27,053	26,566	21,981
41,419	49,818	46,584	48,873	48,150	49,077	46,415	42,725	30,939
30,322	32,210	36,282	31,328	23,536	32,731	28,743	22,946	24,804
52,812	57,005	55,763	58,376	54,993	54,587	48,955	45,179	31,944
35,907	41,365	37,869	45,623	37,818	38,775	31,228	26,784	30,726
54.7	60.9	56.5	53.9	55.3	53.8	49.4	56.5	67.0
25.07%	25.38%	22.69%	23.42%	24.83%	26.12%	26.25%	24.09%	24.62%
$ 20,347	$ 27,093	$ 24,806	$ 27,245	$ 24,356	$ 26,228	$ 29,828	$104,742	$ 20,997
5.14%	3.64%	2.47%	3.82%	3.48%	4.36%	3.79%	2.62%	4.19%
$ 3,073	$ 2,886	$ 1,975	$ 2,903	$ 2,730	$ 2,903	$ 3,251	$ 2,435	$ 2,407

RETURN ON INVESTMENT - PER $100 OF SALES - ALL FIRMS

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
INVESTMENT			
Current Assets:			
Cash	$ 2.65	$ 5.82	$ 4.62
Receivables	15.48	15.52	16.34
Inventories	5.35	3.95	4.63
Marketable securities	1.92	2.24	0.26
Other current assets	1.41	1.44	1.08
	26.81	28.97	26.93
Plant Investment:			
Land and building	4.85	5.13	5.01
Machinery and equipment	33.75	32.21	30.36
Other fixed assets	4.67	3.78	3.85
	43.27	41.12	39.22
Non-Current Assets	1.71	2.74	2.71
TOTAL INVESTMENT	71.79	72.83	68.86
INVESTMENT TURNOVER PER $100 OF SALES	139.30%	137.31%	145.22%
EARNINGS			
Cost of Product	$74.92	$73.90	$76.44
Selling Expenses	8.84	7.42	8.61
Administrative Expenses	11.28	12.84	10.14
	95.04	94.16	95.19
Income Before Interest, Other Income (Expense), and Taxes	4.96	5.84	4.81
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.91%	8.02%	6.99%

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
$ 3.39	$ 3.27	$ 3.17	$ 3.06	$ 4.01	$ 4.59	$ 3.45	$ 2.79	$ 1.55
14.57	16.35	15.00	14.36	14.93	14.32	12.97	15.07	17.52
4.83	7.43	6.32	6.79	6.58	4.37	3.27	5.29	6.56
0.46	0.58	0.72	1.28	0.70	0.39	0.13	0.22	1.64
0.88	1.42	1.30	1.28	0.64	0.79	2.10	1.54	1.26
24.13	29.05	26.51	26.77	26.86	24.46	21.92	24.91	28.53
5.39	9.06	6.26	5.42	8.02	6.68	1.41	3.51	6.92
32.34	29.13	30.08	30.13	32.97	32.55	26.71	34.27	33.49
4.99	3.77	3.74	4.07	3.15	3.73	4.07	2.84	2.96
42.72	41.96	40.08	39.62	44.14	42.96	32.19	40.62	43.37
3.46	2.83	2.74	3.31	3.63	2.30	2.77	1.99	1.50
70.31	73.84	69.33	69.70	74.63	69.72	56.88	67.52	73.40
142.23%	135.43%	144.24%	143.47%	133.99%	143.43%	175.81%	148.10%	136.24%
$74.93	$74.62	$77.31	$76.58	$75.17	$73.88	$73.75	$75.91	$75.38
8.31	9.36	9.32	8.38	8.60	8.82	9.30	8.64	8.97
10.21	10.81	9.78	10.03	11.17	11.93	12.03	11.07	10.14
93.45	94.79	96.41	94.99	94.94	94.63	95.08	95.62	94.49
6.55	5.21	3.59	5.01	5.06	5.37	4.92	4.38	5.51
9.32%	7.06%	5.18%	7.19%	6.78%	7.70%	8.65%	6.49%	7.51%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	642	$ 1,966,000	$ 3,684,000	$ 179,000
TOTAL - PROFIT LEADERS*	111	2,653,000	4,557,000	580,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$250,000	14	54,000	179,000	4,000
$250,000-$500,000	55	193,000	396,000	6,000
$500,000-$1,500,000	182	435,000	958,000	31,000
$1,500,000-$5,000,000	256	1,475,000	2,912,000	115,000
$5,000,000-$10,000,000	92	3,741,000	6,877,000	289,000
Over $10,000,000	43	10,469,000	18,330,000	1,237,000
PROFIT LEADERS				
0-$250,000	3	40,000	158,000	21,000
$250,000-$500,000	11	186,000	397,000	54,000
$500,000-$1,500,000	29	511,000	969,000	104,000
$1,500,000-$5,000,000	37	1,910,000	3,197,000	365,000
$5,000,000-$10,000,000	17	3,984,000	6,642,000	798,000
Over $10,000,000	14	9,934,000	17,262,000	2,403,000
BY GEOGRAPHIC REGIONS				
ALL FIRMS				
New England and Up-State New York	69	2,328,000	4,508,000	242,000
Metropolitan New York and New Jersey	13	2,054,000	4,010,000	194,000
Eastern Penna., Maryland and D.C.	47	2,864,000	5,304,000	316,000
Southeast Atlantic	58	1,865,000	3,485,000	212,000
East North Central	26	2,819,000	5,211,000	250,000
South Central	61	2,400,000	4,490,000	151,000
Chicago Area	45	3,078,000	5,511,000	366,000
West North Central	41	1,834,000	3,180,000	102,000
Plains and Mountain States	73	1,869,000	3,279,000	133,000
Pacific Southwest	63	1,149,000	2,540,000	113,000
Pacific Northwest	60	1,177,000	2,439,000	91,000
Canada	86	1,389,000	2,522,000	117,000
PROFIT LEADERS				
New England and Up-State New York	11	4,823,000	7,751,000	970,000
Metropolitan New York and New Jersey	2	4,423,000	7,225,000	1,057,000
Eastern Penna., Maryland and D.C.	5	8,869,000	15,457,000	2,253,000
Southeast Atlantic	13	3,135,000	5,221,000	564,000
East North Central	3	2,068,000	3,725,000	310,000
South Central	3	3,233,000	7,184,000	661,000
Chicago Area	8	3,374,000	6,541,000	1,130,000
West North Central	9	2,309,000	3,651,000	436,000
Plains and Mountain States	15	1,492,000	2,659,000	320,000
Pacific Southwest	11	1,539,000	3,097,000	398,000
Pacific Northwest	9	1,219,000	2,070,000	232,000
Canada	22	1,523,000	2,294,000	266,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 43.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services

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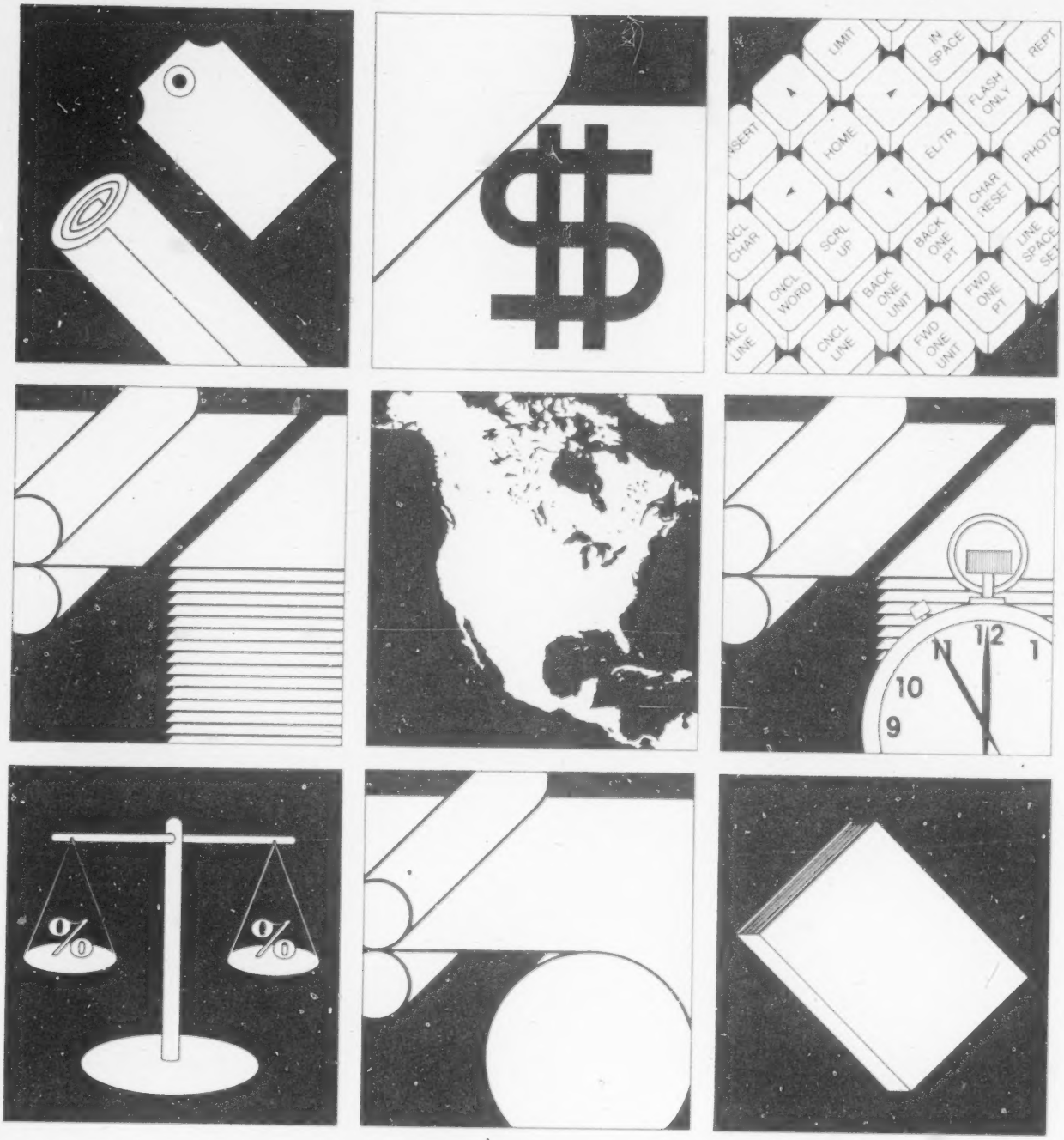
Printing Industries of America, Inc.

1984 Financial Ratios



Volume VI
Web Offset Printers—Heatset

ABOUT PIA . . .

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial service package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Microcomputer Seminars

For further information, contact:

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Director, PIA Financial Services
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Arlington, Virginia 22209
703/841-4805

PIA's Education and Publication Group is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980s (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981-82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation
- 1984 Executive Compensation Report

These books are available through PIA Affiliated Associations' Graphic Arts Bookstores. For further information, contact:

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61ST annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1984 FINANCIAL RATIOS

HEATSET WEB OFFSET

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PRINTING INDUSTRIES OF AMERICA, INC.

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1730 North Lynn Street, Arlington, VA 22209 (703) 841-4805

Dear Colleague:

1984 is the 61st year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the U.S. and Canadian graphic arts industries. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the U.S. and Canadian printing industry, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1984 PIA FINANCIAL RATIOS FOR HEATSET WEB OFFSET PRINTERS. This Ratio Study was developed on the basis of questionnaires volunteered by 71 firms and presents the ratios and statistics of Heatset Web Offset Printers by sales volume, product, and percentage of paper supplied.

Thus the user of the report can direct himself to the standards for his sales size — for example, sales from $1.5 to $5 million, sales from $5 to $10 million, etc.; product specialty — for example, Commercial and Advertising, Magazine and Periodical, etc.; and percentage of paper supplied — for example, 0% to 11%, 11% to 21%, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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Congratulations on partaking of the web offset ratio study program. I'm sure that as you review the wealth of information contained in the book that you will find it to be a very rewarding exercise.

In case you are not acquainted with Web Offset Section activities, we have a very active group. WOS produces a variety of reports dealing with heatset web offset printing. Two of the most widely used of these publications are the *Heatset Web Offset Directory*, listing most heatset web offset plants in the United States and Canada, and its companion volume, the *Web Offset Product Catalog*, which describes the primary products printed by the companies listed in the Directory.

Over 1,400 people attend our Annual Web Offset Conference each year, where they hear discussions and exchange information on the technology and problems unique to web offset production. Transcriptions of these sessions are also published by the Section in the form of the *Web Offset Proceedings*, and are available for the use of industry firms.

Our next annual meeting will be held May 6-8, 1985, at the Sheraton-Boston Hotel, Boston, Massachusetts. Additional information about our meeting and publications is available from the Web Offset Section.

Edward W. Hill, Jr.
Executive Director
Web Offset Section

VALUE ADDED DEFINED

Value added is simply your sales less material costs, which include paper, other chargeable materials and outside services. Value added is, therefore, that component of a sale attributable to your own manufacture. It is calculated as follows:

Sales		$100.00
Less Materials:		
Paper	$ 23.03	
Other chargeable materials	5.38	
Outside services	8.03	36.44
Value Added		$ 63.56

Other chargeable materials include ink, film, plates, etc., but not general supplies, such as repair or maintenance parts. Outside services are purchases of job-related services -- composition, offset preparation, printing, bindery, etc.

KNOWN BY OTHER TERMS

Value added is also known by such other terms as inside sales, conversion value, inside manufacturing value and real contribution to overhead and profit. Whatever the term, the concept of value added is of prime importance to the profitability of your operations.

CONCEPTUAL UNDERSTANDING OF VALUE ADDED

Once you observe that value added is the residual of sales less material costs, you realize that this value provided by your own manufacture is all you have available to pay your remaining expenses. These are:

- Factory labor
- Other factory expenses
- Administrative expenses
- Selling expenses
- Interest

Then, what is left is a profit. This is different from the basic "cost sheet concept" that we are accustomed to in the printing industry.

Since, generally, within a relevant range of operations, these expenses behave as fixed costs, the "overhead" represented by these expenses will remain practically constant. Therefore, you want to maximize your value added.

Let us illustrate this with the following example, in which we are increasing the value added derived from $1,000,000 of sales from $635,600 to $675,000 to see the effect on operating income. We will assume that "overhead" (factory labor; other factory, administrative, selling and interest expenses) will remain the same.

The assumption that these expenses will not increase is being taken with some license; actually they would increase, but very little. We are taking this liberty to prove the point that, within this relevant range, these expenses behave in a fixed manner. This helps to understand the effect of value added on profit.

	Original	After Increase in Value Added
SALES	$1,000,000	
Material Costs	364,400	
VALUE ADDED	635,600	$675,000
"Overhead"	591,000	591,000
Operating Income	$ 44,600	$ 84,000

STATEMENT OF OPERATIONS -- VALUE ADDED: THE BETTER STATEMENT

By eliminating the distortion that material costs introduce into the conventional operating statement, value added gives you a truer picture of your operations.

For example, if we were comparing the statement of operations of a short-run, sheet-fed company with that of a web-offset firm, and our comparison was related to percentages based on sales, we could have significant differences in ratios. The reason: the significant differences in material costs. It would appear that the web-offset operation had a lower factory labor cost because a substantial amount of the sale was materials. But, in truth, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

Almost every company's product mix is different and, by using statements of operations based on value added, this product mix difference is eliminated. In conclusion, the Statement of Operations -- Value Added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	45.14	40.24	30.70
FACTORY EXPENSES	23.23	22.10	20.86
TOTAL FACTORY COST OF PRODUCT	68.37	62.34	51.56
GROSS PROFIT	31.63	37.66	48.44
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	10.49	9.15	22.11
Selling expenses	8.51	6.76	10.34
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	19.00	15.91	32.45
INCOME BEFORE INTEREST EXPENSE	12.63	21.75	15.99
Interest expense	3.10	2.28	4.59
OPERATING INCOME	9.53	19.47	11.40
Other income	1.09	1.51	0.81
INCOME BEFORE INCOME TAXES	10.62	20.98	12.21

* See Page 10 for the definition of "Profit Leaders."
** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X
X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
45.42	39.68	44.05	38.95	46.89	41.33
24.22	19.23	23.48	21.50	23.14	22.71
69.64	58.91	67.53	60.45	70.03	64.04
30.36	41.09	32.47	39.55	29.97	35.96
11.52	10.15	10.74	11.32	8.58	8.48
10.36	5.73	8.22	4.76	7.79	7.00
21.88	15.88	18.96	16.08	16.37	15.48
8.48	25.21	13.51	23.47	13.60	20.48
4.80	3.51	3.07	1.81	2.42	2.38
3.68	21.70	10.44	21.66	11.18	18.10
1.38	0.60	0.70	1.42	1.22	1.71
5.06	22.30	11.14	23.08	12.40	19.81

CHAPTER 1 - BY SIZE OF FIRM

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.79%	2.12%	3.24%
Direct wages	28.47	25.37	21.87
General factory salaries and wages	4.78	4.39	1.01
Packing, shipping and delivery wages	1.35	1.28	0.65
Payroll taxes	2.62	2.48	1.83
Employee benefits	5.13	4.60	2.10
TOTAL FACTORY PAYROLL	45.14	40.24	30.70
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.51	0.44	0.00
Depreciation - other	5.93	5.67	5.74
Taxes - real estate	0.39	0.30	0.00
Taxes - other	0.30	0.18	0.38
Insurance	0.34	0.40	0.24
Building rent	0.90	0.69	1.55
Utilities - heat, light, etc.	3.19	3.27	2.03
Equipment rental	0.77	0.52	2.52
Total Fixed Expenses	12.33	11.47	12.46
Other Expenses			
Factory supplies and expense	5.11	5.12	4.57
Packing, shipping and delivery expense	1.59	1.67	0.36
Repairs and maintenance	2.91	2.70	2.45
Other factory expenses	1.29	1.14	1.02
Total Other Expenses	10.90	10.63	8.40
TOTAL FACTORY EXPENSES	23.23	22.10	20.86
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.49	2.31	5.78
Salaries - office	2.35	2.23	3.67
Payroll taxes	0.31	0.25	1.15
Employee benefits	0.67	0.80	0.51
Bad debts	0.73	0.56	0.85
Office supplies and expenses	0.50	0.52	1.40
Professional fees	0.63	0.59	0.85
Taxes - business	0.11	0.15	0.04
Telephone	0.47	0.39	1.11
Other administrative expenses	2.23	1.35	6.75
TOTAL ADMINISTRATIVE EXPENSES	10.49	9.15	22.11
SELLING EXPENSES			
Salaries - executive	0.92	0.98	1.70
Salaries and commissions - salesmen	3.48	2.30	3.53
Salaries - sales office clerical	1.00	0.75	0.71
Payroll taxes	0.25	0.18	0.37
Employee benefits	0.42	0.28	0.32
Advertising	0.35	0.13	0.60
Travel and entertainment	0.88	0.64	2.41
Other selling expenses	1.21	1.50	0.70
TOTAL SELLING EXPENSES	8.51	6.76	10.34

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.07%	1.94%	3.27%	2.56%	2.72%	2.05%
31.14	29.73	26.17	24.48	28.91	25.24
3.16	1.97	4.93	4.18	5.78	4.99
1.61	0.94	1.41	0.50	1.28	1.50
2.51	2.39	2.83	2.43	2.67	2.52
4.93	2.71	5.44	4.80	5.53	5.03
45.42	39.68	44.05	38.95	46.89	41.33
0.76	0.73	0.45	0.22	0.51	0.49
7.96	5.55	5.36	4.45	5.63	5.87
0.59	0.43	0.32	0.13	0.41	0.35
0.45	0.00	0.20	0.09	0.28	0.19
0.45	0.31	0.48	0.57	0.25	0.36
0.74	0.28	1.35	1.37	0.55	0.53
3.02	3.46	3.44	2.98	3.27	3.39
0.41	0.00	0.56	0.30	0.82	0.68
14.38	10.76	12.16	10.11	11.72	11.86
4.22	3.77	4.59	4.37	5.77	5.60
0.58	0.63	2.84	3.05	1.49	1.50
3.37	3.56	3.22	3.32	2.69	2.45
1.67	0.51	0.67	0.65	1.47	1.30
9.84	8.47	11.32	11.39	11.42	10.85
24.22	19.23	23.48	21.50	23.14	22.71
2.95	2.59	3.21	4.11	1.58	1.81
2.84	3.59	2.28	2.92	1.96	1.91
0.34	0.41	0.35	0.31	0.19	0.22
0.73	0.66	0.78	1.02	0.64	0.80
0.97	0.50	0.52	0.20	0.70	0.60
0.46	0.73	0.57	0.65	0.38	0.48
0.68	0.37	0.64	0.46	0.57	0.61
0.25	0.17	0.06	0.11	0.09	0.16
0.43	0.31	0.57	0.57	0.36	0.35
1.87	0.82	1.76	0.97	2.11	1.54
11.52	10.15	10.74	11.32	8.58	8.48
0.94	0.95	0.60	0.36	0.99	0.97
5.05	1.85	3.40	0.73	3.05	2.77
1.21	1.12	0.87	0.66	1.04	0.63
0.36	0.25	0.22	0.14	0.22	0.15
0.57	0.35	0.29	0.16	0.44	0.31
0.66	0.05	0.35	0.07	0.23	0.13
0.82	0.27	0.97	0.49	0.72	0.67
0.75	0.89	1.52	2.15	1.10	1.37
10.36	5.73	8.22	4.76	7.79	7.00

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	30.37	25.70	30.35
Other chargeable materials	7.71	8.47	4.78
Outside services	5.15	5.37	16.62
TOTAL MATERIALS	43.23	39.54	51.75
FACTORY PAYROLL	25.78	24.48	15.65
FACTORY EXPENSES	13.18	13.51	11.02
TOTAL FACTORY COST OF PRODUCT	82.19	77.53	78.42
GROSS PROFIT	17.81	22.47	21.58
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	5.73	5.46	8.33
Selling expenses	4.78	4.02	4.98
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	10.51	9.48	13.31
INCOME BEFORE INTEREST EXPENSE	7.30	12.99	8.27
Interest expense	1.69	1.39	2.48
OPERATING INCOME	5.61	11.60	5.79
Other income	0.62	0.93	0.41
INCOME BEFORE INCOME TAXES	6.23	12.53	6.20

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	5.10%	6.43%	2.58%
Film	0.65	0.41	0.57
Plates	0.93	0.75	0.95
Other chargeable materials	1.03	0.88	0.68
TOTAL OTHER CHARGEABLE MATERIALS	7.71	8.47	4.78
OUTSIDE SERVICES			
Composition	0.09	0.06	0.02
Offset preparation	1.03	1.18	0.45
Printing	1.73	1.98	10.94
Binding	1.27	0.87	2.17
Other outside services	1.03	1.28	3.04
TOTAL OUTSIDE SERVICES	5.15	5.37	16.62

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
33.26	29.78	30.13	25.88	29.63	24.67
6.35	5.29	7.20	6.42	8.84	9.79
5.44	7.37	5.37	6.47	3.67	4.64
45.05	42.44	42.70	38.77	42.14	39.10
24.89	23.21	25.26	23.65	27.20	25.38
13.15	10.93	13.23	13.32	13.41	14.00
83.09	76.58	81.19	75.74	82.75	78.48
16.91	23.42	18.81	24.26	17.25	21.52
6.27	5.68	6.14	6.92	4.91	5.10
5.69	3.47	4.64	3.05	4.49	4.11
11.96	9.15	10.78	9.97	9.40	9.21
4.95	14.27	8.03	14.29	7.85	12.31
2.44	1.88	1.72	1.17	1.35	1.46
2.51	12.39	6.31	13.12	6.50	10.85
0.75	0.33	0.39	0.90	0.70	1.05
3.26	12.72	6.70	14.02	7.20	11.90
2.91%	3.00%	4.00%	4.14%	6.60%	7.74%
1.04	1.28	0.77	0.65	0.51	0.29
1.17	1.01	0.99	0.51	0.87	0.84
1.23	0.00	1.44	1.12	0.86	0.92
6.35	5.29	7.20	6.42	8.84	9.79
0.13	0.38	0.19	0.16	0.06	0.02
1.50	2.30	1.03	1.86	1.02	0.90
0.80	1.09	1.22	2.35	1.06	1.82
1.70	2.02	2.37	0.34	0.62	0.82
1.31	1.58	0.56	1.76	0.91	1.08
5.44	7.37	5.37	6.47	3.67	4.64

CHAPTER 1 - BY SIZE OF FIRM

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.58%	1.27%	1.86%
Direct wages	16.23	15.43	10.65
General factory salaries and wages	2.73	2.70	0.59
Packing, shipping and delivery wages	0.75	0.74	0.36
Payroll taxes	1.51	1.52	0.99
Employee benefits	2.98	2.82	1.20
TOTAL FACTORY PAYROLL	25.78	24.48	15.65
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.28	0.27	0.00
Depreciation - other	3.34	3.42	3.21
Taxes - real estate	0.22	0.18	0.00
Taxes - other	0.17	0.11	0.21
Insurance	0.19	0.24	0.14
Building rent	0.51	0.44	0.88
Utilities - heat, light, etc.	1.83	1.98	1.17
Equipment rental	0.44	0.35	1.50
Total Fixed Expenses	6.98	6.99	7.11
Other Expenses			
Factory supplies and expense	2.94	3.13	2.07
Packing, shipping and delivery expense	0.89	1.06	0.21
Repairs and maintenance	1.63	1.63	1.05
Other factory expenses	0.74	0.70	0.58
Total Other Expenses	6.20	6.52	3.91
TOTAL FACTORY EXPENSES	13.18	13.51	11.02
ADMINISTRATIVE EXPENSES			
Salaries - executive	1.39	1.40	2.42
Salaries - office	1.30	1.31	1.58
Payroll taxes	0.17	0.15	0.38
Employee benefits	0.39	0.49	0.28
Bad debts	0.39	0.33	0.33
Office supplies and expenses	0.27	0.30	0.71
Professional fees	0.35	0.35	0.35
Taxes - business	0.07	0.10	0.02
Telephone	0.25	0.24	0.44
Other administrative expenses	1.15	0.79	1.82
TOTAL ADMINISTRATIVE EXPENSES	5.73	5.46	8.33
SELLING EXPENSES			
Salaries - executive	0.53	0.62	0.96
Salaries and commissions - salesmen	1.92	1.28	1.62
Salaries - sales office clerical	0.57	0.45	0.40
Payroll taxes	0.14	0.10	0.20
Employee benefits	0.24	0.18	0.18
Advertising	0.19	0.08	0.24
Travel and entertainment	0.47	0.38	0.99
Other selling expenses	0.72	0.93	0.39
TOTAL SELLING EXPENSES	4.78	4.02	4.98

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.11%	1.13%	1.85%	1.52%	1.55%	1.23%
17.06	17.34	15.10	14.91	16.76	15.54
1.77	1.18	2.71	2.53	3.35	3.08
0.85	0.54	0.77	0.30	0.73	0.86
1.39	1.40	1.62	1.49	1.57	1.57
2.71	1.62	3.21	2.90	3.24	3.10
24.89	23.21	25.26	23.65	27.20	25.38
0.43	0.41	0.25	0.14	0.29	0.30
4.32	3.09	3.01	2.71	3.22	3.59
0.33	0.23	0.17	0.09	0.22	0.21
0.26	0.00	0.10	0.06	0.16	0.12
0.25	0.17	0.26	0.35	0.14	0.21
0.36	0.19	0.76	0.87	0.33	0.34
1.68	2.01	1.93	1.81	1.91	2.07
0.21	0.00	0.28	0.19	0.50	0.46
7.84	6.10	6.76	6.22	6.77	7.30
2.24	2.13	2.69	2.72	3.41	3.44
0.33	0.39	1.54	1.98	0.84	0.95
1.81	2.00	1.85	2.02	1.54	1.50
0.93	0.31	0.39	0.38	0.85	0.81
5.31	4.83	6.47	7.10	6.64	6.70
13.15	10.93	13.23	13.32	13.41	14.00
1.63	1.45	1.86	2.58	0.93	1.10
1.54	1.98	1.29	1.70	1.11	1.17
0.19	0.23	0.20	0.19	0.11	0.13
0.41	0.38	0.46	0.61	0.37	0.49
0.52	0.31	0.29	0.13	0.38	0.34
0.24	0.38	0.32	0.37	0.22	0.29
0.36	0.21	0.38	0.30	0.32	0.36
0.14	0.09	0.03	0.07	0.06	0.11
0.23	0.18	0.33	0.34	0.21	0.22
1.01	0.47	0.98	0.63	1.20	0.89
6.27	5.68	6.14	6.92	4.91	5.10
0.51	0.60	0.33	0.23	0.59	0.62
2.80	1.13	1.88	0.47	1.71	1.50
0.64	0.70	0.50	0.43	0.60	0.38
0.20	0.16	0.13	0.09	0.13	0.08
0.32	0.22	0.17	0.10	0.26	0.19
0.35	0.03	0.21	0.04	0.13	0.08
0.45	0.15	0.53	0.31	0.41	0.40
0.42	0.48	0.89	1.38	0.66	0.86
5.69	3.47	4.64	3.05	4.49	4.11

CHAPTER 1 - BY SIZE OF FIRM

BALANCE SHEET

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
ASSETS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
CURRENT ASSETS			
Cash	5.20%	7.33%	11.36%
Receivables	27.49	25.07	26.40
Inventories	15.92	10.61	19.97
Other current assets	4.27	6.81	6.97
TOTAL CURRENT ASSETS	52.88	49.82	64.70
FIXED ASSETS			
Real estate	11.86	10.47	0.00
Less: Accumulated depreciation	3.72	2.66	0.00
	8.14	7.81	0.00
Machinery and equipment	66.03	64.70	57.58
Less: Accumulated depreciation	33.40	29.91	29.11
	32.63	34.79	28.47
Other fixed assets	2.78	2.15	7.15
Less: Accumulated depreciation	1.55	1.09	4.54
	1.23	1.06	2.61
NET FIXED ASSETS	42.00	43.66	31.08
OTHER ASSETS	5.12	6.52	4.22
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	6.39	4.02	9.88
Accounts payable	13.10	9.14	15.35
Other current liabilities	10.32	10.15	27.92
TOTAL CURRENT LIABILITIES	29.81	23.31	53.15
LONG-TERM LIABILITIES	27.31	24.66	24.88
TOTAL LIABILITIES	57.12	47.97	78.03
SHAREHOLDERS' AND PROPRIETORS' EQUITY	42.88	52.03	21.97
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.77	2.14	1.22
QUICK RATIO	1.24	1.68	0.84
TOTAL LIABILITIES TO EQUITY	1.33	0.92	3.55
LONG-TERM LIABILITIES TO EQUITY	0.64	0.47	1.13
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.51	0.46	0.51

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
9.32%	8.67%	3.20%	15.31%	4.04%	4.67%
24.25	25.70	25.83	17.14	29.09	26.91
12.63	11.73	22.36	16.26	13.92	8.38
5.92	5.64	3.30	4.63	3.92	7.26
52.12	51.74	54.69	53.34	50.97	47.22
14.87	18.53	8.17	4.86	14.00	11.58
5.61	5.97	2.39	1.79	4.13	2.63
9.26	12.56	5.78	3.07	9.87	8.95
70.31	48.16	62.03	55.64	67.65	67.70
37.58	20.27	30.59	27.50	33.32	29.82
32.73	27.89	31.44	28.14	34.33	37.88
2.36	1.87	3.11	4.56	2.34	1.69
1.60	1.65	1.71	2.76	1.15	0.65
0.76	0.22	1.40	1.80	1.19	1.04
42.75	40.67	38.62	33.01	45.39	47.87
5.13	7.59	6.69	13.65	3.64	4.91
100.00	100.00	100.00	100.00	100.00	100.00
3.60	2.20	8.18	4.87	5.97	4.27
8.84	8.88	18.13	7.48	12.32	9.64
9.03	18.52	8.60	6.74	9.67	9.49
21.47	29.60	34.91	19.09	27.96	23.40
36.84	25.12	27.71	23.69	24.79	26.48
58.31	54.72	62.62	42.78	52.75	49.88
41.69	45.28	37.38	57.22	47.25	50.12
100.00	100.00	100.00	100.00	100.00	100.00
2.43	1.75	1.57	2.79	1.82	2.02
1.84	1.35	0.93	1.94	1.33	1.66
1.40	1.21	1.68	0.75	1.12	1.00
0.88	0.55	0.74	0.41	0.52	0.53
0.53	0.42	0.49	0.49	0.49	0.44

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 54,990	$ 62,806	$ 49,788
Average assets per factory employee (Excluding Executives)	69,203	75,742	80,692
Average net worth per employee - All employees	22,849	32,682	8,987
Average gross plant investment per factory employee (Excluding Executives)	53,599	57,458	44,074
Net worth percentage of fixed assets	138.07%	141.88%	90.88%
EMPLOYEES			
Percent factory - All employees	84.03%	86.62%	69.18%
Percent administrative - All employees	9.01	8.14	20.13
Percent sales - All employees	6.96	5.24	10.69
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 95,345	$ 104,270	$115,159
Sales per factory employee	116,227	122,250	181,573
Sales less material per factory employee	63,158	70,566	68,243
Sales per administrative employee	1,348,189	1,467,293	687,168
EXCLUDING EXECUTIVES			
Sales per employee - All employees	101,971	109,573	134,160
Sales per factory employee	121,364	126,370	189,786
Sales less material per factory employee	65,999	72,929	72,936
SALES PER SALESMAN	2,399,205	3,461,682	582,647
SALES TO CURRENT ASSETS	376%	356%	356%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	32.42%	30.48%	23.68%
Factory payroll percentage of gross plant investment	57.90	54.04	50.41
Payroll per employee - All employees	$ 29,348	$ 30,096	$ 22,491
Payroll per factory employee	27,649	27,735	20,591
Payroll per administrative employee	35,422	45,062	25,772
Payroll per sales employee	45,699	50,799	31,019
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 22,823	$ 22,955	$ 16,997
Payroll per factory employee	22,223	22,247	16,992
Payroll per administrative employee	17,854	20,844	13,406
Payroll per sales employee	36,880	37,502	26,275
EXECUTIVE PAYROLL			
Payroll per executive - All executives	55,957	73,176	35,047
Payroll per factory executive	38,829	43,604	22,892
Payroll per administrative executive	75,509	103,660	38,980
Payroll per sales executive	55,899	72,076	26,277
RECEIVABLES			
Collection period	59.1	56.8	48.0
PROFIT			
Gross profit percentage of sales	17.81%	22.47%	21.58%
Average gross profit per factory employee	$ 21,855	$ 27,892	$ 35,795
Income before taxes percentage of sales	6.23%	12.53%	6.20%
Average income before taxes per employee	$ 6,052	$ 12,520	$ 5,745

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 57,977	$ 56,685	$ 52,468	$ 61,225	$ 56,492	$ 65,679
73,906	73,466	67,474	73,790	68,070	78,136
21,859	26,057	19,232	35,796	26,477	33,044
61,522	49,489	47,859	45,051	55,343	62,563
114.63%	131.10%	107.75%	207.96%	130.24%	118.24%
80.82%	79.60%	84.59%	87.05%	86.80%	88.02%
10.23	12.90	8.87	9.49	6.98	7.25
8.95	7.50	6.54	3.46	6.22	4.73
$ 81,476	$ 86,593	$ 98,783	$ 100,332	$ 97,940	$ 109,052
101,432	108,658	119,876	115,113	114,274	126,946
55,865	62,049	66,886	70,519	64,187	72,370
900,047	778,737	1,189,426	1,115,945	1,677,428	1,666,979
86,046	90,493	106,529	107,428	103,486	113,721
104,355	111,947	127,021	120,375	118,989	130,713
57,497	63,945	70,778	73,649	66,785	74,502
1,137,790	390,045	2,219,044	4,732,699	3,121,449	3,887,582
304%	305%	459%	363%	368%	364%
33.13%	30.05%	32.08%	30.07%	33.01%	31.04%
43.68	54.73	61.45	67.99	59.98	51.06
$ 26,643	$ 25,382	$ 30,414	$ 30,242	$ 30,858	$ 31,321
24,695	24,640	28,154	27,114	29,422	28,949
30,408	28,160	41,537	58,912	36,149	44,695
40,338	27,797	44,452	29,588	50,944	60,995
$ 21,002	$ 20,276	$ 22,884	$ 21,879	$ 24,225	$ 24,032
20,168	20,898	22,083	21,416	23,659	23,068
15,844	14,284	17,970	23,629	19,205	21,373
34,213	22,618	37,260	23,799	39,795	44,279
52,853	64,590	62,303	71,301	57,336	77,475
39,569	40,568	48,577	40,505	36,379	46,388
70,673	117,427	84,881	105,199	78,412	105,215
31,427	24,263	55,277	21,985	69,479	93,964
62.3	65.3	50.5	34.3	62.5	62.0
16.91%	23.42%	18.81%	24.26%	17.25%	21.52%
$ 18,444	$ 26,257	$ 24,897	$ 29,824	$ 20,485	$ 27,358
3.26%	12.72%	6.70%	14.02%	7.20%	11.90%
$ 2,786	$ 11,021	$ 6,694	$ 14,196	$ 7,100	$ 12,244

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 3.81	$ 5.12	$ 4.23
Receivables	15.54	14.91	12.74
Inventories	8.35	6.61	8.84
Marketable securities	1.12	2.48	1.21
Other current assets	1.44	2.04	1.56
	30.26	31.16	28.58
Plant Investment:			
Land and building	7.29	6.92	0.00
Machinery and equipment	38.43	39.57	28.24
Other fixed assets	1.59	1.35	2.83
	47.31	47.84	31.07
Non-Current Assets	3.05	3.65	2.66
TOTAL INVESTMENT	80.62	82.65	62.31
INVESTMENT TURNOVER PER $100 OF SALES	124.04%	120.99%	160.49%
EARNINGS			
Cost of Product	$82.19	$77.53	$78.42
Selling Expenses	4.78	4.02	4.98
Administrative Expenses	5.73	5.46	8.33
	92.70	87.01	91.73
Income Before Interest, Other Income, and Taxes	7.30	12.99	8.27
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	9.05%	15.72%	13.27%

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 7.62	$ 6.43	$ 3.64	$11.90	$ 2.58	$ 3.09
16.56	17.10	13.15	8.95	16.42	16.34
8.53	8.08	8.74	10.58	8.11	5.21
1.62	2.72	0.59	0.00	1.20	2.95
1.83	0.57	1.05	2.60	1.48	2.21
36.16	34.90	27.17	34.03	29.79	29.80
9.93	11.93	5.13	2.79	8.28	7.81
48.21	30.88	33.37	32.84	38.69	42.44
1.68	1.05	1.78	2.37	1.35	1.21
59.82	43.86	40.28	38.00	48.32	51.46
3.63	5.75	4.03	6.40	2.06	2.89
99.61	84.51	71.48	78.43	80.17	84.15
100.39%	118.33%	139.90%	127.50%	124.73%	118.84%
$83.09	$76.58	$81.19	$75.74	$82.75	$78.48
5.69	3.47	4.64	3.05	4.49	4.11
6.27	5.68	6.14	6.92	4.91	5.10
95.05	85.73	91.97	85.71	92.15	87.69
4.95	14.27	8.03	14.29	7.85	12.31
4.97%	16.89%	11.23%	18.22%	9.79%	14.63%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING	
	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%
FACTORY PAYROLL	43.05	36.63
FACTORY EXPENSES	24.39	21.74
TOTAL FACTORY COST OF PRODUCT	67.44	58.37
GROSS PROFIT	32.56	41.63
ADMINISTRATIVE AND SELLING EXPENSES		
Administrative expenses	10.46	10.28
Selling expenses	10.02	8.97
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	20.48	19.25
INCOME BEFORE INTEREST EXPENSE	12.08	22.38
Interest expense	3.40	1.87
OPERATING INCOME	8.68	20.51
Other income	0.91	1.12
INCOME BEFORE INCOME TAXES	9.59	21.63

** Sample insufficient for Profit Leaders.

MAGAZINE AND PERIODICAL		DIRECT MAIL - CATALOG**	NO PREDOMINANT SPECIALTY**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
X	X	X	X
X	X	X	X
100.00%	100.00%	100.00%	100.00%
46.19	42.25	41.27	53.00
22.57	22.49	19.56	22.58
68.76	64.74	60.83	75.58
31.24	35.26	39.17	24.42
10.55	8.45	6.70	12.94
7.12	5.15	14.47	6.59
17.67	13.60	21.17	19.53
13.57	21.66	18.00	4.89
3.10	2.73	4.18	0.88
10.47	18.93	13.82	4.01
1.33	1.56	0.11	0.07
11.80	20.49	13.93	4.08

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING	
	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL		
Salaries - executive	2.63%	1.61%
Direct wages	27.20	23.87
General factory salaries and wages	4.33	3.48
Packing, shipping and delivery wages	1.64	1.86
Payroll taxes	2.58	2.22
Employee benefits	4.67	3.59
TOTAL FACTORY PAYROLL	43.05	36.63
FACTORY EXPENSES		
Fixed Expenses		
Depreciation - real estate	0.55	0.33
Depreciation - other	6.64	5.42
Taxes - real estate	0.53	0.33
Taxes - other	0.39	0.17
Insurance	0.44	0.47
Building rent	1.10	1.20
Utilities - heat, light, etc.	3.28	3.37
Equipment rental	0.56	0.18
Total Fixed Expenses	13.49	11.47
Other Expenses		
Factory supplies and expense	4.76	4.79
Packing, shipping and delivery expense	1.76	1.33
Repairs and maintenance	2.96	2.91
Other factory expenses	1.42	1.24
Total Other Expenses	10.90	10.27
TOTAL FACTORY EXPENSES	24.39	21.74
ADMINISTRATIVE EXPENSES		
Salaries - executive	2.68	2.73
Salaries - office	2.30	2.09
Payroll taxes	0.28	0.24
Employee benefits	0.68	0.84
Bad debts	0.58	0.69
Office supplies and expenses	0.45	0.31
Professional fees	0.70	0.79
Taxes - business	0.13	0.03
Telephone	0.52	0.36
Other administrative expenses	2.14	2.20
TOTAL ADMINISTRATIVE EXPENSES	10.46	10.28
SELLING EXPENSES		
Salaries - executive	0.96	1.00
Salaries and commissions - salesmen	4.56	3.74
Salaries - sales office clerical	0.95	0.75
Payroll taxes	0.28	0.24
Employee benefits	0.35	0.19
Advertising	0.38	0.14
Travel and entertainment	1.03	0.69
Other selling expenses	1.51	2.22
TOTAL SELLING EXPENSES	10.02	8.97

** Sample insufficient for Profit Leaders.

MAGAZINE AND PERIODICAL		DIRECT MAIL - CATALOG**	NO PREDOMINANT SPECIALTY**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
2.77%	2.35%	2.53%	4.03%
28.65	25.86	28.94	34.84
5.52	5.15	1.90	3.68
1.04	0.83	1.48	1.82
2.75	2.64	2.40	1.91
5.46	5.42	4.02	6.72
46.19	42.25	41.27	53.00
0.50	0.48	0.33	0.23
5.75	6.03	4.81	3.34
0.29	0.27	0.32	0.22
0.22	0.19	0.00	0.57
0.26	0.36	0.32	0.27
0.59	0.32	1.52	1.80
3.15	3.13	3.79	2.26
1.01	0.68	0.36	0.21
11.77	11.46	11.45	8.90
5.34	5.46	4.25	6.61
1.51	1.97	0.04	1.89
2.85	2.62	3.24	3.18
1.10	0.98	0.58	2.00
10.80	11.03	8.11	13.68
22.57	22.49	19.56	22.58
2.36	2.03	1.40	2.69
2.44	2.32	0.61	2.75
0.37	0.27	0.10	0.23
0.71	0.80	0.36	0.47
0.82	0.49	1.16	1.09
0.59	0.67	0.07	0.29
0.60	0.44	0.27	0.61
0.11	0.25	0.00	0.11
0.43	0.39	0.15	0.52
2.12	0.79	2.58	4.18
10.55	8.45	6.70	12.94
0.92	0.99	1.56	0.34
2.55	1.27	7.09	1.63
0.94	0.69	2.45	1.07
0.24	0.12	0.48	0.10
0.48	0.33	0.41	0.42
0.37	0.13	0.31	0.12
0.81	0.60	1.16	0.31
0.81	1.02	1.01	2.60
7.12	5.15	14.47	6.59

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING	
	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%
FACTORY COST OF PRODUCT		
MATERIALS		
Paper	34.12	30.06
Other chargeable materials	7.78	7.80
Outside services	4.95	7.21
TOTAL MATERIALS	46.85	45.07
FACTORY PAYROLL	22.85	20.11
FACTORY EXPENSES	12.82	12.13
TOTAL FACTORY COST OF PRODUCT	82.52	77.31
GROSS PROFIT	17.48	22.69
ADMINISTRATIVE AND SELLING EXPENSES		
Administrative expenses	5.52	5.69
Selling expenses	5.40	4.85
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	10.92	10.54
INCOME BEFORE INTEREST EXPENSE	6.56	12.15
Interest expense	1.73	1.02
OPERATING INCOME	4.83	11.13
Other income	0.50	0.58
INCOME BEFORE INCOME TAXES	5.33	11.71

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS		
Ink	5.14%	5.98%
Film	0.56	0.32
Plates	0.79	0.45
Other chargeable materials	1.29	1.05
TOTAL OTHER CHARGEABLE MATERIALS	7.78	7.80
OUTSIDE SERVICES		
Composition	0.11	0.09
Offset preparation	1.55	1.73
Printing	1.52	2.83
Binding	1.02	1.37
Other outside services	0.75	1.19
TOTAL OUTSIDE SERVICES	4.95	7.21

** Sample insufficient for Profit Leaders.

MAGAZINE AND PERIODICAL		DIRECT MAIL - CATALOG**	NO PREDOMINANT SPECIALTY**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%
28.67	23.62	27.67	22.83
7.67	8.21	8.51	4.63
5.21	4.44	10.70	4.69
41.55	36.27	46.88	32.15
27.15	26.93	21.92	35.92
13.35	14.44	10.39	15.37
82.05	77.64	79.19	83.44
17.95	22.36	20.81	16.56
5.70	5.32	3.56	8.70
4.12	3.36	7.68	4.42
9.82	8.68	11.24	13.12
8.13	13.68	9.57	3.44
1.78	1.74	2.23	0.61
6.35	11.94	7.34	2.83
0.76	1.00	0.06	0.03
7.11	12.94	7.40	2.86
5.03%	6.17%	6.99%	2.54%
0.68	0.47	0.47	0.94
1.16	0.99	0.52	0.30
0.80	0.58	0.53	0.85
7.67	8.21	8.51	4.63
0.10	0.05	0.00	0.04
0.64	0.75	0.00	2.08
2.10	1.33	0.00	1.88
0.95	0.42	10.70	0.43
1.42	1.89	0.00	0.26
5.21	4.44	10.70	4.69

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING	
	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL		
Salaries - executive	1.33%	0.87%
Direct wages	14.57	13.15
General factory salaries and wages	2.25	1.86
Packing, shipping and delivery wages	0.85	1.01
Payroll taxes	1.38	1.24
Employee benefits	2.47	1.98
TOTAL FACTORY PAYROLL	22.85	20.11
FACTORY EXPENSES		
Fixed Expenses		
Depreciation - real estate	0.28	0.17
Depreciation - other	3.49	2.98
Taxes - real estate	0.28	0.17
Taxes - other	0.21	0.09
Insurance	0.23	0.25
Building rent	0.59	0.73
Utilities - heat, light, etc.	1.74	1.85
Equipment rental	0.28	0.11
Total Fixed Expenses	7.10	6.35
Other Expenses		
Factory supplies and expense	2.49	2.68
Packing, shipping and delivery expense	0.90	0.78
Repairs and maintenance	1.56	1.64
Other factory expenses	0.77	0.68
Total Other Expenses	5.72	5.78
TOTAL FACTORY EXPENSES	12.82	12.13
ADMINISTRATIVE EXPENSES		
Salaries - executive	1.45	1.59
Salaries - office	1.20	1.14
Payroll taxes	0.15	0.13
Employee benefits	0.36	0.45
Bad debts	0.31	0.36
Office supplies and expenses	0.23	0.16
Professional fees	0.37	0.43
Taxes - business	0.07	0.02
Telephone	0.27	0.20
Other administrative expenses	1.11	1.21
TOTAL ADMINISTRATIVE EXPENSES	5.52	5.69
SELLING EXPENSES		
Salaries - executive	0.51	0.55
Salaries and commissions - salesmen	2.44	1.91
Salaries - sales office clerical	0.51	0.42
Payroll taxes	0.15	0.13
Employee benefits	0.19	0.11
Advertising	0.20	0.07
Travel and entertainment	0.55	0.36
Other selling expenses	0.85	1.30
TOTAL SELLING EXPENSES	5.40	4.85

** Sample insufficient for Profit Leaders.

MAGAZINE AND PERIODICAL		DIRECT MAIL - CATALOG**	NO PREDOMINANT SPECIALTY**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
1.64%	1.43%	1.35%	2.77%
16.67	16.48	15.36	23.49
3.30	3.34	1.01	2.46
0.61	0.53	0.79	1.22
1.65	1.70	1.28	1.31
3.28	3.45	2.13	4.67
27.15	26.93	21.92	35.92
0.30	0.30	0.17	0.15
3.39	3.83	2.57	2.26
0.17	0.17	0.17	0.14
0.13	0.13	0.00	0.38
0.15	0.23	0.17	0.18
0.35	0.22	0.80	1.20
1.90	2.02	2.01	1.54
0.61	0.46	0.19	0.15
7.00	7.36	6.08	6.00
3.19	3.51	2.26	4.58
0.89	1.29	0.02	1.26
1.63	1.64	1.72	2.18
0.64	0.64	0.31	1.35
6.35	7.08	4.31	9.37
13.35	14.44	10.39	15.37
1.31	1.29	0.74	1.80
1.38	1.42	0.32	1.83
0.19	0.16	0.05	0.15
0.43	0.52	0.19	0.33
0.43	0.31	0.61	0.71
0.33	0.40	0.04	0.20
0.34	0.29	0.14	0.41
0.07	0.17	0.00	0.07
0.23	0.24	0.08	0.35
0.99	0.52	1.39	2.85
5.70	5.32	3.56	8.70
0.57	0.67	0.83	0.24
1.45	0.80	3.76	1.09
0.54	0.43	1.30	0.74
0.14	0.08	0.25	0.07
0.29	0.21	0.22	0.28
0.20	0.09	0.16	0.08
0.43	0.39	0.62	0.21
0.50	0.69	0.54	1.71
4.12	3.36	7.68	4.42

BALANCE SHEET

	COMMERCIAL AND ADVERTISING	
ASSETS	ALL FIRMS	PROFIT LEADERS
CURRENT ASSETS		
Cash	4.96%	6.31%
Receivables	28.73	29.63
Inventories	17.33	11.99
Other current assets	3.48	3.63
TOTAL CURRENT ASSETS	54.50	51.56
FIXED ASSETS		
Real estate	10.15	5.29
Less: Accumulated depreciation	3.56	1.88
	6.59	3.41
Machinery and equipment	65.04	66.75
Less: Accumulated depreciation	33.42	34.89
	31.62	31.86
Other fixed assets	2.59	1.68
Less: Accumulated depreciation	1.47	0.86
	1.12	0.82
NET FIXED ASSETS	39.33	36.09
OTHER ASSETS	6.17	12.35
TOTAL ASSETS	100.00	100.00
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Notes payable	7.80	2.86
Accounts payable	14.41	11.05
Other current liabilities	9.84	13.00
TOTAL CURRENT LIABILITIES	32.05	26.91
LONG-TERM LIABILITIES	28.09	17.72
TOTAL LIABILITIES	60.14	44.63
SHAREHOLDERS' AND PROPRIETORS' EQUITY	39.86	55.37
TOTAL LIABILITIES AND EQUITY	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.70	1.92
QUICK RATIO	1.16	1.47
TOTAL LIABILITIES TO EQUITY	1.51	0.81
LONG-TERM LIABILITIES TO EQUITY	0.70	0.32
ACCUMULATED DEPRECIATION-MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.51	0.52

** Sample insufficient for Profit Leaders.

MAGAZINE AND PERIODICAL		DIRECT MAIL - CATALOG**	NO PREDOMINANT SPECIALTY**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
5.06%	8.62%	0.06%	11.75%
25.81	21.80	33.71	30.35
14.03	9.63	17.92	21.89
5.50	8.86	0.27	0.26
50.40	48.91	51.96	64.25
12.81	11.89	9.45	10.86
3.69	2.77	1.52	5.20
9.12	9.12	7.93	5.66
68.15	64.56	50.03	67.97
32.84	26.17	14.35	48.37
35.31	38.39	35.68	19.60
3.13	2.36	1.27	1.75
1.72	1.23	0.67	1.14
1.41	1.13	0.60	0.61
45.84	48.64	44.21	25.87
3.76	2.45	3.83	9.88
100.00	100.00	100.00	100.00
4.55	5.04	14.89	8.34
11.51	7.90	18.92	15.40
10.00	7.64	7.85	16.79
26.06	20.58	41.66	40.53
28.88	30.60	33.59	7.81
54.94	51.18	75.25	48.34
45.06	48.82	24.75	51.66
100.00	100.00	100.00	100.00
1.93	2.38	1.25	1.59
1.40	1.91	0.82	1.05
1.22	1.05	3.04	0.94
0.64	0.63	1.36	0.15
0.48	0.41	0.29	0.71

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Average assets per employee - All employees	$ 60,324	$ 71,377
Average assets per factory employee (Excluding Executives)	76,374	88,682
Average net worth per employee - All employees	24,104	39,358
Average gross plant investment per factory employee (Excluding Executives)	59,460	65,433
Net worth percentage of fixed assets	115.86%	180.73%
EMPLOYEES		
Percent factory - All employees	82.97%	83.06%
Percent administrative - All employees	9.14	9.31
Percent sales - All employees	7.89	7.63
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES		
Sales per employee - All employees	$ 106,924	$ 138,232
Sales per factory employee	129,508	166,904
Sales less material per factory employee	68,413	89,121
Sales per administrative employee	1,292,828	1,532,539
EXCLUDING EXECUTIVES		
Sales per employee - All employees	114,167	145,134
Sales per factory employee	135,250	171,618
Sales less material per factory employee	71,365	91,665
SALES PER SALESMAN	1,658,019	1,447,153
SALES TO CURRENT ASSETS	391%	398%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES		
Total payroll percentage of sales	29.82%	26.53%
Factory payroll percentage of gross plant investment	50.25	54.92
Payroll per employee - All employees	$ 30,624	$ 35,352
Payroll per factory employee	28,386	32,385
Payroll per administrative employee	37,003	49,261
Payroll per sales employee	46,709	50,425
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES		
Payroll per employee - All employees	$ 23,880	$ 27,624
Payroll per factory employee	22,764	26,535
Payroll per administrative employee	18,168	22,161
Payroll per sales employee	40,674	45,010
EXECUTIVE PAYROLL		
Payroll per executive - All executives	58,029	75,873
Payroll per factory executive	40,843	43,706
Payroll per administrative executive	74,130	96,778
Payroll per sales executive	49,955	42,942
RECEIVABLES		
Collection period	62.4	59.5
PROFIT		
Gross profit percentage of sales	17.48%	22.69%
Average gross profit per factory employee	$ 24,746	$ 37,852
Income before taxes percentage of sales	5.33%	11.71%
Average income before taxes per employee	$ 6,538	$ 15,586

** Sample insufficient for Profit Leaders.

MAGAZINE AND PERIODICAL		DIRECT MAIL - CATALOG**	NO PREDOMINANT SPECIALTY**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 51,548	$ 58,160	$ 84,490	$ 32,877
63,684	68,265	122,512	40,723
22,468	28,311	20,595	17,263
50,503	52,518	70,403	29,717
106.23%	114.85%	56.20%	621.62%
85.22%	89.05%	75.47%	84.93%
9.00	7.42	5.16	10.64
5.78	3.53	19.37	4.43
$ 86,318	$ 82,024	$ 163,515	$ 58,606
105,045	92,828	223,731	68,619
57,549	58,189	118,854	46,340
1,240,904	1,454,654	3,574,050	1,641,502
92,268	86,229	176,086	63,992
109,079	96,501	239,768	73,396
59,901	60,367	127,373	49,641
3,106,356	4,873,577	1,222,361	1,323,367
369%	325%	373%	326%
33.44%	32.52%	29.60%	42.46%
58.83	52.93	72.02	100.00
$ 27,755	$ 26,392	$ 47,724	$ 24,666
26,348	24,452	46,905	24,590
34,488	42,645	44,411	26,807
46,413	50,862	56,453	24,755
$ 21,358	$ 19,568	$ 39,037	$ 19,544
21,072	19,153	38,909	19,963
18,023	19,938	14,448	15,269
34,873	31,650	46,770	19,719
55,850	72,830	70,220	34,919
37,468	42,856	48,138	30,429
77,663	108,826	115,341	40,605
56,794	88,941	134,042	34,795
55.9	54.8	65.0	60.4
17.95%	22.36%	20.81%	16.56%
$ 18,836	$ 21,338	$ 51,943	$ 12,030
7.11%	12.94%	7.40%	2.86%
$ 5,681	$ 10,455	$ 12,048	$ 1,656

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Current Assets:		
Cash	$ 4.18	$ 3.51
Receivables	16.35	15.53
Inventories	8.23	6.38
Marketable securities	0.69	0.54
Other current assets	1.04	1.38
	30.49	27.34
Plant Investment:		
Land and building	6.17	3.12
Machinery and equipment	38.31	34.52
Other fixed assets	1.60	0.87
	46.08	38.51
Non-Current Assets	3.50	6.42
TOTAL INVESTMENT	80.07	72.27
INVESTMENT TURNOVER PER $100 OF SALES	124.89%	138.37%
EARNINGS		
Cost of Product	$82.52	$77.31
Selling Expenses	5.40	4.85
Administrative Expenses	5.52	5.69
	93.44	87.85
Income Before Interest, Other Income, and Taxes	6.56	12.15
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	8.19%	16.81%

** Sample insufficient for Profit Leaders.

MAGAZINE AND PERIODICAL		DIRECT MAIL - CATALOG**	NO PREDOMINANT SPECIALTY**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 3.28	$ 6.70	$ 0.03	$ 8.17
14.74	14.44	17.57	15.53
7.93	6.81	9.15	12.87
1.55	3.61	0.00	0.00
2.05	2.68	0.15	0.13
29.55	34.24	26.90	36.70
8.10	8.24	5.38	5.34
39.90	44.13	26.49	34.77
1.69	1.62	0.67	0.84
49.69	53.99	32.54	40.95
2.56	1.73	1.90	4.75
81.80	89.96	61.34	82.40
122.25%	111.16%	163.03%	121.36%
$82.05	$77.64	$79.19	$83.44
4.12	3.36	7.68	4.42
5.70	5.32	3.56	8.70
91.87	86.32	90.43	96.56
8.13	13.68	9.57	3.44
9.94%	15.21%	15.60%	4.17%

CHAPTER 3 - BY PERCENTAGE OF PAPER SUPPLIED

REPORT ON OPERATIONS - VALUE ADDED = 100%

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	45.51	45.19	45.78	38.00
FACTORY EXPENSES	22.82	16.51	22.29	22.10
TOTAL FACTORY COST OF PRODUCT	68.33	61.70	68.07	60.10
GROSS PROFIT	31.67	38.30	31.93	39.90
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	12.45	6.97	8.72	10.92
Selling expenses	9.80	7.53	9.63	7.65
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	22.25	14.50	18.35	18.57
INCOME BEFORE INTEREST EXPENSE	9.42	23.80	13.58	21.33
Interest expense	3.13	1.72	3.44	3.65
OPERATING INCOME	6.29	22.08	10.14	17.68
Other income	1.20	2.46	0.96	0.50
INCOME BEFORE INCOME TAXES	7.49	24.54	11.10	18.18

** Sample insufficient for Profit Leaders.

21% TO 41%**	41% TO 61%		OVER 61%	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
50.17 23.35	43.72 23.54	41.59 19.76	43.72 24.39	41.69 24.22
73.52	67.26	61.35	68.11	65.91
26.48	32.74	38.65	31.89	34.09
8.13 7.52	9.11 7.93	10.98 6.94	8.73 6.56	8.03 5.97
15.65	17.04	17.92	15.29	14.00
10.83	15.70	20.73	16.60	20.09
2.25	2.69	2.51	2.28	2.16
8.58	13.01	18.22	14.32	17.93
0.92	1.09	1.00	1.69	2.17
9.50	14.10	19.22	16.01	20.10

CHAPTER 3 - BY PERCENTAGE OF PAPER SUPPLIED

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	3.01%	2.45%	2.97%	3.47%
Direct wages	29.00	30.55	25.32	14.66
General factory salaries and wages	4.79	2.40	5.80	7.32
Packing, shipping and delivery wages	0.96	1.39	2.57	3.93
Payroll taxes	2.49	2.93	3.58	2.37
Employee benefits	5.26	5.47	5.54	6.25
TOTAL FACTORY PAYROLL	45.51	45.19	45.78	38.00
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.57	0.61	0.35	0.32
Depreciation - other	6.35	6.30	5.82	5.79
Taxes - real estate	0.49	0.46	0.34	0.35
Taxes - other	0.20	0.00	0.48	0.05
Insurance	0.31	0.27	0.25	0.13
Building rent	0.91	0.16	0.44	0.42
Utilities - heat, light, etc.	2.80	2.66	3.34	3.17
Equipment rental	0.67	0.56	0.23	0.32
Total Fixed Expenses	12.30	11.02	11.25	10.55
Other Expenses				
Factory supplies and expense	4.88	5.83	5.04	7.16
Packing, shipping and delivery expense	1.78	0.45	1.34	1.86
Repairs and maintenance	2.78	1.92	1.96	0.81
Other factory expenses	1.08	(2.71)	2.70	1.72
Total Other Expenses	10.52	5.49	11.04	11.55
TOTAL FACTORY EXPENSES	22.82	16.51	22.29	22.10
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.74	0.90	1.69	1.91
Salaries - office	2.62	2.14	1.96	2.26
Payroll taxes	0.43	0.17	0.22	0.28
Employee benefits	0.67	1.01	0.50	0.74
Bad debts	0.87	1.29	0.78	0.29
Office supplies and expenses	0.58	0.61	0.42	0.64
Professional fees	0.69	0.24	0.46	0.59
Taxes - business	0.12	0.02	0.22	0.54
Telephone	0.55	0.40	0.45	0.18
Other administrative expenses	3.18	0.19	2.02	3.49
TOTAL ADMINISTRATIVE EXPENSES	12.45	6.97	8.72	10.92
SELLING EXPENSES				
Salaries - executive	1.13	0.62	0.88	1.03
Salaries and commissions - salesmen	4.25	3.18	5.41	5.45
Salaries - sales office clerical	1.06	1.48	0.69	0.19
Payroll taxes	0.28	0.28	0.31	0.06
Employee benefits	0.53	0.58	0.49	0.46
Advertising	0.47	0.15	0.27	0.00
Travel and entertainment	1.19	0.86	0.62	0.46
Other selling expenses	0.89	0.38	0.96	0.00
TOTAL SELLING EXPENSES	9.80	7.53	9.63	7.65

** Sample insufficient for Profit Leaders.

21% TO 41%**	41% TO 61%		OVER 61%	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.63%	3.08%	1.68%	2.14%	1.60%
31.94	25.87	23.61	27.73	28.06
5.85	5.76	9.37	4.35	3.18
1.88	1.14	0.33	1.14	1.15
2.95	2.72	2.69	2.81	2.65
4.92	5.15	3.91	5.55	5.05
50.17	43.72	41.59	43.72	41.69
0.38	0.63	0.31	0.44	0.43
4.64	5.05	3.11	5.98	6.48
0.42	0.09	0.11	0.35	0.35
0.50	0.51	0.13	0.14	0.20
0.17	0.48	0.63	0.24	0.27
0.70	0.87	1.04	0.99	1.07
3.69	3.44	3.39	3.89	3.63
1.37	1.07	0.36	1.21	1.04
11.87	12.14	9.08	13.24	13.47
4.83	5.45	4.28	6.10	5.51
2.64	1.81	2.54	1.12	1.26
2.65	3.26	2.50	3.17	3.19
1.36	0.88	1.36	0.76	0.79
11.48	11.40	10.68	11.15	10.75
23.35	23.54	19.76	24.39	24.22
1.58	3.20	3.71	2.62	2.26
1.79	1.68	2.16	1.98	1.84
0.21	0.21	0.21	0.28	0.22
0.56	0.89	1.17	0.69	0.74
0.85	0.47	0.51	0.26	0.39
0.47	0.34	0.47	0.38	0.33
0.39	0.47	0.46	0.65	0.62
0.07	0.05	0.08	0.12	0.16
0.37	0.51	0.64	0.34	0.34
1.84	1.29	1.57	1.41	1.13
8.13	9.11	10.98	8.73	8.03
0.56	0.63	0.36	0.91	1.13
2.98	2.31	2.08	2.03	1.34
1.68	1.33	0.61	0.54	0.49
0.27	0.24	0.16	0.15	0.11
0.41	0.46	0.21	0.26	0.23
0.14	0.26	0.12	0.34	0.18
0.75	0.99	0.94	0.60	0.54
0.73	1.71	2.46	1.73	1.95
7.52	7.93	6.94	6.56	5.97

CHAPTER 3 - BY PERCENTAGE OF PAPER SUPPLIED

REPORT ON OPERATIONS - SALES = 100%

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	34.28	39.05	30.80	29.38
Other chargeable materials	6.72	6.18	6.46	5.79
Outside services	6.10	8.65	4.55	6.39
TOTAL MATERIALS	47.10	53.88	41.81	41.56
FACTORY PAYROLL	24.29	21.06	26.74	22.43
FACTORY EXPENSES	12.19	7.79	13.02	13.11
TOTAL FACTORY COST OF PRODUCT	83.58	82.73	81.57	77.10
GROSS PROFIT	16.42	17.27	18.43	22.90
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	6.21	3.14	5.01	6.20
Selling expenses	5.22	3.46	5.50	4.29
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	11.43	6.60	10.51	10.49
INCOME BEFORE INTEREST EXPENSE	4.99	10.67	7.92	12.41
Interest expense	1.68	0.85	1.92	2.10
OPERATING INCOME	3.31	9.82	6.00	10.31
Other income	0.59	1.12	0.60	0.34
INCOME BEFORE INCOME TAXES	3.90	10.94	6.60	10.65

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	3.60%	5.40%	3.46%	3.50%
Film	0.81	0.27	0.83	0.32
Plates	0.96	0.29	1.42	1.02
Other chargeable materials	1.35	0.22	0.75	0.95
TOTAL OTHER CHARGEABLE MATERIALS	6.72	6.18	6.46	5.79
OUTSIDE SERVICES				
Composition	0.13		0.00	0.00
Offset preparation	1.23		0.38	0.62
Printing	2.64		1.17	1.92
Binding	1.18		1.14	1.86
Other outside services	0.92		1.86	1.99
TOTAL OUTSIDE SERVICES	6.10	***	4.55	6.39

** Sample insufficient for Profit Leaders.
*** Information not submitted.

21% TO 41%**	41% TO 61%		OVER 61%	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%
28.42	28.26	23.94	16.40	16.48
7.41	7.67	6.90	11.84	12.19
5.83	2.71	3.33	3.04	3.16
41.66	38.64	34.17	31.28	31.83
29.26	27.16	27.39	30.18	28.50
13.70	14.18	13.08	16.77	16.48
84.62	79.98	74.64	78.23	76.81
15.38	20.02	25.36	21.77	23.19
4.75	5.56	7.15	6.00	5.46
4.30	4.83	4.51	4.51	4.08
9.05	10.39	11.66	10.51	9.54
6.33	9.63	13.70	11.26	13.65
1.30	1.53	1.71	1.56	1.48
5.03	8.10	11.99	9.70	12.17
0.55	0.63	0.65	1.18	1.49
5.58	8.73	12.64	10.88	13.66
5.31%	5.42%	5.31%	9.60%	9.83%
0.49	0.88	0.47	0.23	0.26
0.70	0.93	0.91	0.99	0.88
0.91	0.44	0.21	1.02	1.22
7.41	7.67	6.90	11.84	12.19
0.05	0.08	0.14	0.11	0.02
1.44	0.69	1.14	0.60	0.54
0.62	0.46	0.76	1.04	1.27
3.16	0.10	0.12	0.48	0.46
0.56	1.38	1.17	0.81	0.87
5.83	2.71	3.33	3.04	3.16

CHAPTER 3 - BY PERCENTAGE OF PAPER SUPPLIED

SUPPORTING SCHEDULES - SALES = 100%

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.69%	1.27%	1.76%	2.12%
Direct wages	15.37	14.09	14.80	8.48
General factory salaries and wages	2.51	1.03	3.40	4.57
Packing, shipping and delivery wages	0.51	0.67	1.41	2.04
Payroll taxes	1.34	1.35	2.06	1.40
Employee benefits	2.87	2.65	3.31	3.82
TOTAL FACTORY PAYROLL	24.29	21.06	26.74	22.43
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.30	0.29	0.22	0.21
Depreciation - other	3.39	2.86	3.40	3.46
Taxes - real estate	0.25	0.21	0.20	0.18
Taxes - other	0.12	0.00	0.28	0.04
Insurance	0.17	0.14	0.15	0.09
Building rent	0.50	0.06	0.23	0.22
Utilities - heat, light, etc.	1.50	1.18	1.93	1.80
Equipment rental	0.39	0.29	0.15	0.21
Total Fixed Expenses	6.62	5.03	6.56	6.21
Other Expenses				
Factory supplies and expense	2.63	2.75	3.00	4.38
Packing, shipping and delivery expense	0.90	0.20	0.78	1.07
Repairs and maintenance	1.41	0.89	1.12	0.42
Other factory expenses	0.63	(1.08)	1.56	1.03
Total Other Expenses	5.57	2.76	6.46	6.90
TOTAL FACTORY EXPENSES	12.19	7.79	13.02	13.11
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.37	0.42	1.01	1.14
Salaries - office	1.34	0.91	1.12	1.26
Payroll taxes	0.20	0.08	0.13	0.15
Employee benefits	0.36	0.42	0.30	0.45
Bad debts	0.43	0.64	0.44	0.19
Office supplies and expenses	0.30	0.29	0.25	0.39
Professional fees	0.36	0.10	0.28	0.36
Taxes - business	0.07	0.01	0.14	0.35
Telephone	0.28	0.18	0.25	0.09
Other administrative expenses	1.50	0.09	1.09	1.82
TOTAL ADMINISTRATIVE EXPENSES	6.21	3.14	5.01	6.20
SELLING EXPENSES				
Salaries - executive	0.64	0.29	0.53	0.67
Salaries and commissions - salesmen	2.22	1.39	3.01	2.86
Salaries - sales office clerical	0.58	0.74	0.41	0.12
Payroll taxes	0.16	0.13	0.18	0.04
Employee benefits	0.30	0.29	0.30	0.30
Advertising	0.24	0.06	0.15	0.00
Travel and entertainment	0.59	0.40	0.37	0.30
Other selling expenses	0.49	0.16	0.55	0.00
TOTAL SELLING EXPENSES	5.22	3.46	5.50	4.29

** Sample insufficient for Profit Leaders.

21% TO 41%**	41% TO 61%		OVER 61%	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.50%	1.79%	1.14%	1.43%	1.07%
18.69	16.07	15.61	19.16	19.19
3.39	3.69	6.11	3.04	2.18
1.08	0.67	0.24	0.77	0.78
1.71	1.68	1.78	1.94	1.82
2.89	3.26	2.51	3.84	3.46
29.26	27.16	27.39	30.18	28.50
0.23	0.37	0.21	0.31	0.30
2.76	2.97	2.05	4.07	4.41
0.25	0.05	0.07	0.24	0.24
0.31	0.27	0.09	0.10	0.14
0.11	0.29	0.41	0.17	0.18
0.39	0.51	0.65	0.68	0.72
2.11	2.10	2.25	2.68	2.47
0.76	0.53	0.25	0.83	0.73
6.92	7.09	5.98	9.08	9.19
2.84	3.40	2.86	4.22	3.74
1.63	1.07	1.69	0.77	0.84
1.53	2.05	1.63	2.17	2.16
0.78	0.57	0.92	0.53	0.55
6.78	7.09	7.10	7.69	7.29
13.70	14.18	13.08	16.77	16.48
0.95	1.85	2.34	1.78	1.54
1.04	1.05	1.42	1.38	1.26
0.12	0.13	0.14	0.19	0.15
0.32	0.58	0.78	0.48	0.51
0.49	0.30	0.34	0.18	0.27
0.26	0.22	0.32	0.26	0.22
0.22	0.30	0.31	0.44	0.41
0.04	0.03	0.05	0.09	0.11
0.22	0.32	0.42	0.23	0.23
1.09	0.78	1.03	0.97	0.76
4.75	5.56	7.15	6.00	5.46
0.32	0.36	0.25	0.63	0.79
1.70	1.39	1.34	1.39	0.91
0.96	0.83	0.42	0.36	0.33
0.15	0.15	0.11	0.10	0.07
0.24	0.28	0.14	0.18	0.16
0.08	0.16	0.08	0.24	0.13
0.42	0.60	0.61	0.42	0.37
0.43	1.06	1.56	1.19	1.32
4.30	4.83	4.51	4.51	4.08

CHAPTER 3 - BY PERCENTAGE OF PAPER SUPPLIED

BALANCE SHEET

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	4.90%	0.76%	3.08%	5.98%
Receivables	26.82	23.57	34.65	35.65
Inventories	21.41	15.43	11.95	8.13
Other current assets	3.65	7.02	8.04	0.14
TOTAL CURRENT ASSETS	56.78	46.78	57.72	49.90
FIXED ASSETS				
Real estate	11.43	10.87	10.66	5.49
Less: Accumulated depreciation	3.73	2.47	4.02	1.28
	7.70	8.40	6.64	4.21
Machinery and equipment	63.56	60.57	75.19	70.37
Less: Accumulated depreciation	32.54	25.56	43.53	28.10
	31.02	35.01	31.66	42.27
Other fixed assets	3.36	1.67	1.07	0.00
Less: Accumulated depreciation	1.95	0.26	0.50	0.00
	1.41	1.41	0.57	0.00
NET FIXED ASSETS	40.13	44.82	38.87	46.48
OTHER ASSETS	3.09	8.40	3.41	3.62
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	5.61	2.54	19.20	6.54
Accounts payable	15.04	12.33	12.93	10.77
Other current liabilities	11.61	10.08	7.38	4.81
TOTAL CURRENT LIABILITIES	32.26	24.95	39.51	22.12
LONG-TERM LIABILITIES	26.56	26.15	18.89	16.10
TOTAL LIABILITIES	58.82	51.10	58.40	38.22
SHAREHOLDERS' AND PROPRIETORS' EQUITY	41.18	48.90	41.60	61.78
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.76	1.87	1.46	2.26
QUICK RATIO	1.10	1.26	1.16	1.89
TOTAL LIABILITIES TO EQUITY	1.43	1.04	1.40	0.62
LONG-TERM LIABILITIES TO EQUITY	0.64	0.53	0.45	0.26
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.51	0.42	0.58	0.40

** Sample insufficient for Profit Leaders.

21% TO 41%**	41% TO 61%		OVER 61%	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
4.52%	2.52%	3.58%	2.85%	3.09%
31.91	25.15	25.41	25.10	23.62
17.76	12.39	10.47	8.71	6.91
2.40	1.53	3.27	8.71	11.78
56.59	41.59	42.73	45.37	45.40
14.72	14.36	11.58	13.33	12.14
5.16	4.16	4.23	3.70	2.34
9.56	10.20	7.35	9.63	9.80
61.21	68.79	64.69	76.14	68.80
32.72	31.31	33.66	37.92	29.18
28.49	37.48	31.03	38.22	39.62
2.68	3.03	1.32	2.90	2.29
1.36	1.57	0.94	1.32	0.96
1.32	1.46	0.38	1.58	1.33
39.37	49.14	38.76	49.43	50.75
4.04	9.27	18.51	5.20	3.85
100.00	100.00	100.00	100.00	100.00
4.53	5.97	7.58	3.28	3.56
16.23	14.38	10.08	9.49	8.59
7.92	10.59	10.17	10.33	9.56
28.68	30.94	27.83	23.10	21.71
25.82	24.57	33.44	30.49	29.68
54.50	55.51	61.27	53.59	51.39
45.50	44.49	38.73	46.41	48.61
100.00	100.00	100.00	100.00	100.00
1.97	1.34	1.54	1.96	2.09
1.35	0.94	1.16	1.59	1.77
1.20	1.25	1.58	1.15	1.06
0.57	0.55	0.86	0.66	0.61
0.53	0.46	0.52	0.50	0.42

SIGNIFICANT FACTS

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 54,610	$ 94,717	$ 51,567	$ 62,475
Average assets per factory employee (Excluding Executives)	71,056	113,389	66,649	87,223
Average net worth per employee - All employees	21,749	49,615	21,492	43,249
Average gross plant investment per factory employee (Excluding Executives)	54,094	81,511	54,726	65,235
Net worth percentage of fixed assets	127.20%	127.52%	122.04%	135.15%
EMPLOYEES				
Percent factory - All employees	81.81%	86.65%	84.28%	82.08%
Percent administrative - All employees	9.84	6.22	8.50	10.77
Percent sales - All employees	8.35	7.13	7.22	7.15
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 98,259	$ 160,006	$ 101,521	$ 115,713
Sales per factory employee	124,206	185,673	125,820	154,884
Sales less material per factory employee	61,550	81,035	70,105	84,450
Sales per administrative employee	1,436,797	2,618,106	1,248,657	1,193,667
EXCLUDING EXECUTIVES				
Sales per employee - All employees	106,210	165,581	107,651	123,661
Sales per factory employee	129,608	190,665	132,192	164,556
Sales less material per factory employee	64,569	83,594	73,600	89,750
SALES PER SALESMAN	1,565,870	3,250,038	1,188,551	500,000
SALES TO CURRENT ASSETS	391%	344%	337%	349%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	31.47%	25.74%	33.73%	29.42%
Factory payroll percentage of gross plant investment	54.83	45.31	63.50	50.02
Payroll per employee - All employees	$ 29,219	$ 38,550	$ 32,617	$ 32,264
Payroll per factory employee	27,233	35,891	30,905	30,547
Payroll per administrative employee	34,281	47,463	29,786	35,831
Payroll per sales employee	44,060	65,238	70,828	89,546
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 22,774	$ 30,284	$ 25,424	$ 24,855
Payroll per factory employee	21,906	28,842	24,228	23,551
Payroll per administrative employee	18,358	26,258	15,591	16,305
Payroll per sales employee	37,355	55,905	51,539	51,007
EXECUTIVE PAYROLL				
Payroll per executive - All executives	52,154	75,991	62,534	50,911
Payroll per factory executive	36,439	53,580	56,774	38,349
Payroll per administrative executive	69,308	102,762	83,276	105,402
Payroll per sales executive	48,719	95,916	82,381	111,873
RECEIVABLES				
Collection period	57.7	58.3	66.9	76.0
PROFIT				
Gross profit percentage of sales	16.42%	17.27%	18.43%	22.90%
Average gross profit per factory employee	$ 21,678	$ 33,207	$ 25,358	$ 38,805
Income before taxes percentage of sales	3.90%	10.94%	6.60%	10.65%
Average income before taxes per employee	$ 4,157	$ 18,227	$ 6,232	$ 11,520

** Sample insufficient for Profit Leaders.

21% TO 41%**	41% TO 61%		OVER 61%	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 50,523	$ 53,071	$ 46,234	$ 57,349	$ 65,091
65,112	65,564	53,241	66,748	74,139
19,917	24,764	18,188	25,455	29,574
45,230	53,766	39,574	59,984	62,743
126.73%	116.45%	157.13%	101.86%	106.43%
84.76%	86.81%	89.72%	87.84%	89.86%
6.40	6.99	6.27	8.34	6.92
8.84	6.20	4.01	3.82	3.22
$ 99,011	$ 89,056	$ 91,360	$ 90,678	$ 96,297
122,223	103,135	102,447	103,765	107,556
69,554	60,925	66,412	71,073	72,607
1,715,840	1,385,407	1,646,391	1,270,040	1,499,644
105,245	96,049	95,844	94,881	99,894
129,064	109,166	105,338	106,506	109,785
73,348	64,250	68,344	72,883	74,073
4,854,165	2,732,826	4,090,186	3,738,052	4,387,403
361%	433%	469%	380%	349%
35.08%	33.78%	34.33%	36.68%	34.22%
76.80	58.63	73.54	55.70	52.72
$ 33,152	$ 28,507	$ 30,883	$ 32,340	$ 31,649
32,674	26,084	27,124	30,766	29,330
33,536	48,194	71,697	43,641	48,895
39,433	43,263	49,327	53,768	51,387
$ 26,923	$ 21,247	$ 23,398	$ 24,277	$ 23,532
26,990	20,792	22,486	24,178	23,169
17,332	19,034	29,653	20,319	21,930
32,856	35,256	42,108	39,289	33,726
49,009	57,770	77,912	81,981	95,701
40,278	34,950	40,079	40,476	47,321
65,770	90,704	119,858	104,516	124,841
64,000	61,256	55,979	71,867	92,722
61.3	55.8	50.6	56.8	59.7
15.38%	20.02%	25.36%	21.77%	23.19%
$ 22,186	$ 21,859	$ 27,450	$ 22,282	$ 24,850
5.58%	8.73%	12.64%	10.88%	13.66%
$ 5,852	$ 7,929	$ 11,766	$ 9,504	$ 12,407

RETURN ON INVESTMENT - PER $100 OF SALES

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 3.52	$ 0.58	$ 1.74	$ 3.62
Receivables	15.25	15.33	17.14	19.91
Inventories	9.86	9.52	6.41	5.13
Marketable securities	0.17	2.22	4.06	0.00
Other current assets	1.69	2.12	0.53	0.09
	30.49	29.77	29.88	28.75
Plant Investment:				
Land and building	6.89	7.53	6.37	3.75
Machinery and equipment	36.36	39.94	40.86	41.00
Other fixed assets	1.76	0.84	0.40	0.00
	45.01	48.31	47.63	44.75
Non-Current Assets	1.95	4.30	1.95	2.47
TOTAL INVESTMENT	77.45	82.38	79.46	75.97
INVESTMENT TURNOVER PER $100 OF SALES	129.12%	121.39%	125.85%	131.63%
EARNINGS				
Cost of Product	$83.58	$82.73	$81.57	$77.10
Selling Expenses	5.22	3.46	5.50	4.29
Administrative Expenses	6.21	3.14	5.01	6.20
	95.01	89.33	92.08	87.59
Income Before Interest, Other Income, and Taxes	4.99	10.67	7.92	12.41
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.44%	12.95%	9.97%	16.34%

** Sample insufficient for Profit Leaders.

21% TO 41%**	41% TO 61%		OVER 61%	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 2.28	$ 1.57	$ 2.03	$ 2.50	$ 2.72
15.90	14.51	13.27	15.08	15.89
9.05	7.04	5.21	5.46	4.77
0.04	0.63	1.42	3.24	4.45
1.33	0.17	0.25	3.15	4.22
28.60	23.92	22.18	29.43	32.05
7.65	8.56	6.18	9.30	8.98
31.12	39.79	34.08	46.08	46.92
1.28	1.94	0.65	2.04	1.86
40.05	50.29	40.91	57.42	57.76
1.85	4.62	8.69	4.01	2.53
70.50	78.83	71.78	90.86	92.34
141.84%	126.86%	139.31%	110.06%	108.30%
$84.62	$79.98	$74.64	$78.23	$76.81
4.30	4.83	4.51	4.51	4.08
4.75	5.56	7.15	6.00	5.46
93.67	90.37	86.30	88.74	86.35
6.33	9.63	13.70	11.26	13.65
8.98%	12.22%	19.09%	12.39%	14.78%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	71	$17,008,000	$29,356,000	$2,109,000
TOTAL - PROFIT LEADERS*	22	23,558,000	39,002,000	4,530,000
BY SIZE OF FIRM				
ALL FIRMS				
$1,500,000-$5,000,000	4	2,032,000	4,352,000	251,000
$5,000,000-$10,000,000	13	5,721,000	7,980,000	276,000
$10,000,000-$20,000,000	16	8,602,000	16,543,000	1,065,000
Over $20,000,000	37	26,677,000	45,883,000	3,462,000
PROFIT LEADERS				
$5,000,000-$10,000,000	2	6,229,000	9,300,000	1,183,000
$10,000,000-$20,000,000	4	9,515,000	15,494,000	2,154,000
Over $20,000,000	15	31,069,000	51,581,000	5,873,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	30	16,267,000	29,257,000	1,786,000
Magazine and Periodical	34	18,224,000	30,450,000	2,467,000
Direct Mail - Catalog	2	17,298,000	31,839,000	2,386,000
No Predominant Specialty	4	11,052,000	18,537,000	629,000
PROFIT LEADERS				
Commercial and Advertising	9	16,534,000	32,200,000	3,628,000
Magazine and Periodical	12	29,029,000	44,568,000	5,171,000
BY PERCENTAGE OF PAPER SUPPLIED				
ALL FIRMS				
0% To 11%	27	14,715,000	26,359,000	1,529,000
11% To 21%	6	11,286,000	21,168,000	1,504,000
21% To 41%	7	13,147,000	25,626,000	1,354,000
41% To 61%	7	28,236,000	51,259,000	4,634,000
Over 61%	11	20,733,000	29,890,000	3,417,000
PROFIT LEADERS				
0% To 11%	2	44,412,000	81,202,000	9,558,000
11% To 21%	2	18,098,000	31,955,000	3,306,000
41% To 61%	3	45,207,000	87,307,000	8,864,000
Over 61%	8	24,823,000	33,502,000	4,500,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 49.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1984 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1985 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director
PIA Financial Services

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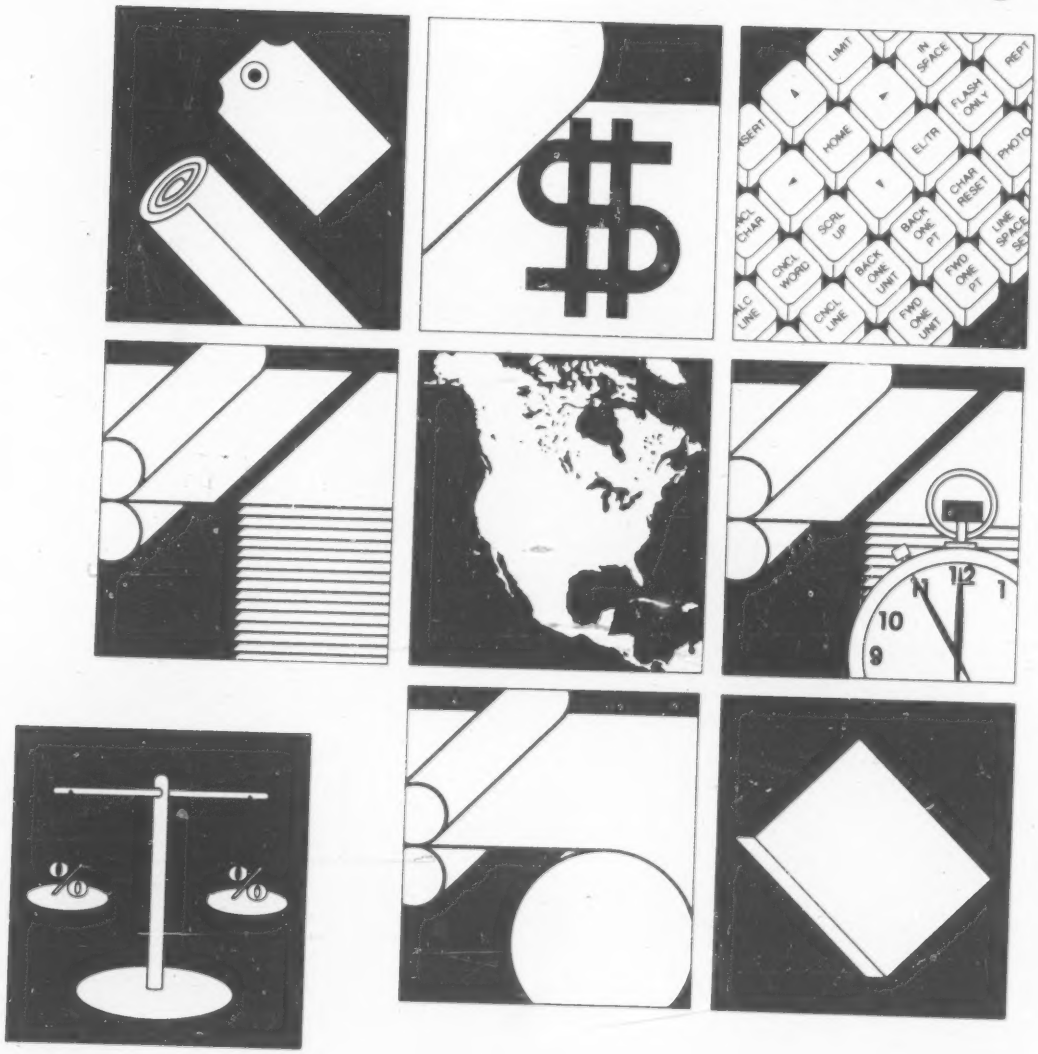
PIA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



Volume VI

Web Offset Printers—Heatset

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

For further information, contact:

William A. Rose, II
Director, PIA Financial Services
1730 North Lynn Street
Arlington, Virginia 22209
703/841-4805

PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

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Volume VI: Web Offset Printers—Heatset

An Annual Financial Survey Conducted By:
PIA Financial Services
1730 North Lynn Street
Arlington, VA 22209

Accounting Firm:

H. R. Margolis
Certified Public Accountants
New York and Philadelphia (Bala Cynwyd)

Data Processing:

RGS Enterprises, Inc.
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PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-4805

Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as foilows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1985 PIA FINANCIAL RATIOS FOR HEATSET WEB OFFSET PRINTERS. This Ratio Study was developed on the basis of questionnaires volunteered by 64 firms and presents the ratios and statistics of Heatset Web Offset Printers by sales volume, product, and percentage of paper supplied.

Thus users of the report can direct himself to the standards for his sales size — for example, sales from $1.5 to $5 million, sales from $5 to $10 million, etc.; product specialty — for example, Commercial and Advertising, Magazine and Periodical, etc.; and percentage of pape supplied — for example, 0% to 11%, 11% to 21%, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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Congratulations on partaking of the web offset ratio study program. I'm sure that as you review the wealth of information contained in the book that you will find it to be a very rewarding exercise.

In case you are not acquainted with Web Offset Section activities, we have a very active group. WOS produces a variety of reports dealing with heatset web offset printing. Two of the most widely used of these publications are the *Heatset Web Offset Directory*, listing most heatset web offset plants in the United States and Canada, and its companion volume, the *Web Offset Product Catalog*, which describes the primary products printed by the companies listed in the Directory.

Over 1,400 people attend our Annual Web Offset Conference each year, where they hear discussions and exchange information on the technology and problems unique to web offset production. Transcriptions of these sessions are also published by the Section in the form of the *Web Offset Proceedings*, and are available for the use of industry firms.

Our next annual meeting will be held May 13-15, 1986, at the Palmer House Hotel, Chicago, Illinois. Additional information about our meeting and publications is available from the Web Offset Section.

Edward W. Hill, Jr.
Executive Director
Web Offset Section

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less materials costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of presentation management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	44.80	43.69	45.58
FACTORY EXPENSES	23.40	21.41	20.29
TOTAL FACTORY COST OF PRODUCT	68.20	65.10	65.87
GROSS PROFIT	31.80	34.90	34.13
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	10.06	8.08	19.23
Selling expenses	8.93	6.96	10.16
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	18.99	15.04	29.39
INCOME BEFORE INTEREST EXPENSE	12.81	19.86	4.74
Interest expense	3.69	1.85	5.01
OPERATING INCOME (LOSS)	9.12	18.01	(0.27)
Other income	1.35	2.76	0.36
INCOME BEFORE INCOME TAXES	10.47	20.77	0.09

* See page 10 for the definition of "Profit Leaders."
** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X
X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
43.16	50.89	41.12	38.45	46.63	43.64
23.21	20.42	24.41	21.93	23.25	21.47
66.37	71.31	65.53	60.38	69.88	65.11
33.63	28.69	34.47	39.62	30.12	34.89
11.06	5.76	11.18	9.84	8.85	8.08
9.83	8.86	10.51	7.89	8.00	6.28
20.89	14.62	21.69	17.73	16.85	14.36
12.74	14.07	12.78	21.89	13.27	20.53
4.15	0.01	3.40	2.12	3.59	2.17
8.59	14.06	9.38	19.77	9.68	18.36
1.85	5.87	1.34	1.75	1.26	2.38
10.44	19.93	10.72	21.52	10.94	20.74

CHAPTER 1 - BY SIZE OF FIRM

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.60%	2.14%	0.84%
Direct wages	27.75	27.19	29.97
General factory salaries and wages	4.84	5.11	3.10
Packing, shipping and delivery wages	1.69	1.43	6.53
Payroll taxes	3.05	2.86	3.05
Employee benefits	4.87	4.96	2.09
TOTAL FACTORY PAYROLL	44.80	43.69	45.58
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.44	0.47	0.62
Depreciation - other	6.01	5.75	3.65
Taxes - real estate	0.53	0.46	0.43
Taxes - other	0.32	0.33	0.38
Insurance	0.35	0.23	0.57
Building rent	0.79	0.40	1.81
Utilities - heat, light, etc.	3.18	3.17	2.96
Equipment rental	0.85	0.52	0.63
Total Fixed Expenses	12.47	11.33	11.05
Other Expenses			
Factory supplies and expense	4.56	4.27	2.20
Packing, shipping and delivery expense	1.89	1.60	3.82
Repairs and maintenance	3.12	2.97	2.31
Other factory expenses	1.36	1.24	0.91
Total Other Expenses	10.93	10.08	9.24
TOTAL FACTORY EXPENSES	23.40	21.41	20.29
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.21	2.15	4.01
Salaries - office	2.33	1.81	4.77
Payroll taxes	0.30	0.24	0.62
Employee benefits	0.62	0.62	0.91
Bad debts	1.00	0.58	2.22
Office supplies and expenses	0.44	0.35	0.51
Professional fees	0.67	0.54	1.18
Taxes - business	0.13	0.12	0.36
Telephone	0.46	0.28	0.58
Other administrative expenses	1.90	1.39	4.07
TOTAL ADMINISTRATIVE EXPENSES	10.06	8.08	19.23
SELLING EXPENSES			
Salaries - executive	1.10	1.17	1.54
Salaries and commissions - salesmen	3.76	2.30	4.53
Salaries - sales office clerical	1.01	0.82	0.00
Payroll taxes	0.28	0.21	0.46
Employee benefits	0.37	0.29	0.38
Advertising	0.36	0.16	0.60
Travel and entertainment	0.82	0.45	1.30
Other selling expenses	1.23	1.56	1.35
TOTAL SELLING EXPENSES	8.93	6.96	10.16

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.97%	2.24%	2.23%	2.27%	2.73%	2.08%
27.79	32.52	26.47	27.56	28.10	25.95
3.36	3.92	4.29	2.50	5.58	6.11
1.55	2.24	1.59	0.81	1.51	1.43
3.05	3.89	2.38	2.60	3.30	2.71
4.44	6.08	4.16	2.71	5.41	5.36
43.16	50.89	41.12	38.45	46.63	43.64
0.25	0.75	0.55	0.57	0.45	0.38
5.93	5.77	7.26	6.87	5.68	5.42
0.33	0.41	0.50	0.59	0.61	0.44
0.48	0.91	0.29	0.08	0.28	0.28
0.28	0.06	0.50	0.29	0.30	0.24
1.07	0.04	0.57	0.16	0.73	0.55
2.86	3.76	3.03	2.65	3.35	3.20
1.48	0.16	0.91	0.16	0.66	0.69
12.68	11.86	13.61	11.37	12.06	11.20
4.15	3.77	3.78	2.63	5.12	4.86
2.02	0.39	1.86	2.89	1.75	1.49
3.29	3.91	2.92	3.29	3.19	2.67
1.07	0.49	2.24	1.75	1.13	1.25
10.53	8.56	10.80	10.56	11.19	10.27
23.21	20.42	24.41	21.93	23.25	21.47
2.76	1.90	2.10	2.78	2.00	2.01
2.83	1.32	2.61	2.91	1.93	1.60
0.44	0.20	0.29	0.44	0.24	0.19
0.61	0.49	0.45	0.56	0.68	0.66
0.98	0.52	1.51	0.52	0.75	0.62
0.70	0.27	0.46	0.51	0.36	0.32
0.41	0.20	0.91	0.56	0.63	0.61
0.20	0.03	0.19	0.20	0.07	0.12
0.55	0.10	0.60	0.38	0.38	0.29
1.58	0.73	2.06	0.98	1.81	1.66
11.06	5.76	11.18	9.84	8.85	8.08
1.24	0.86	1.52	2.16	0.88	0.95
4.28	2.98	4.68	3.13	3.23	1.92
0.91	1.25	1.32	1.24	0.99	0.61
0.34	0.31	0.30	0.35	0.24	0.14
0.30	0.30	0.40	0.28	0.37	0.29
0.53	0.36	0.37	0.12	0.29	0.13
1.04	0.51	0.74	0.17	0.75	0.52
1.19	2.29	1.18	0.44	1.25	1.72
9.83	8.86	10.51	7.89	8.00	6.28

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	33.14	30.65	36.99
Other chargeable materials	7.73	7.36	7.28
Outside services	5.07	5.18	6.21
TOTAL MATERIALS	45.94	43.19	50.48
FACTORY PAYROLL	24.16	24.78	22.52
FACTORY EXPENSES	12.66	12.19	10.06
TOTAL FACTORY COST OF PRODUCT	82.76	80.16	83.06
GROSS PROFIT	17.24	19.84	16.94
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	5.40	4.60	9.54
Selling expenses	4.78	3.93	5.06
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	10.18	8.53	14.60
INCOME BEFORE INTEREST EXPENSE	7.06	11.31	2.34
Interest expense	1.97	1.06	2.44
OPERATING INCOME (LOSS)	5.09	10.25	(0.10)
Other income	0.75	1.57	0.19
INCOME BEFORE INCOME TAXES	5.84	11.82	0.09

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	4.82%	4.71%	3.49%
Film	0.69	0.58	2.17
Plates	0.90	1.04	0.87
Other chargeable materials	1.32	1.03	0.75
TOTAL OTHER CHARGEABLE MATERIALS	7.73	7.36	7.28
OUTSIDE SERVICES			
Composition	0.26	0.03	0.07
Offset preparation	1.17	1.01	1.17
Printing	1.25	2.04	0.68
Binding	1.24	1.07	1.86
Other outside services	1.15	1.03	2.43
TOTAL OUTSIDE SERVICES	5.07	5.18	6.21

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
37.01	34.87	33.78	31.76	31.53	29.43
6.39	5.03	6.33	5.75	8.69	8.32
4.81	5.27	6.44	6.64	4.56	4.75
48.21	45.17	46.55	44.15	44.78	42.50
22.61	28.08	21.95	21.49	25.54	25.01
11.85	11.23	13.08	12.32	12.89	12.35
82.67	84.48	81.58	77.96	83.21	79.86
17.33	15.52	18.42	22.04	16.79	20.14
5.70	3.20	5.91	5.34	4.90	4.70
5.16	4.92	5.54	4.26	4.37	3.62
10.86	8.12	11.45	9.60	9.27	8.32
6.47	7.40	6.97	12.44	7.52	11.82
2.14	0.00	1.83	1.16	1.94	1.25
4.33	7.40	5.14	11.28	5.58	10.57
1.09	3.53	0.67	0.84	0.70	1.36
5.42	10.93	5.81	12.12	6.28	11.93
3.34%	2.55%	3.38%	3.06%	5.91%	5.70%
0.89	0.54	0.74	0.69	0.52	0.54
1.02	1.41	1.10	1.11	0.78	0.90
1.14	0.53	1.11	0.89	1.48	1.18
6.39	5.03	6.33	5.75	8.69	8.32
0.02	0.00	0.71	0.13	0.17	0.02
1.00	2.46	2.19	2.23	0.87	0.49
0.87	1.64	0.82	0.90	1.46	2.28
1.42	0.00	1.42	2.25	1.11	1.01
1.50	1.17	1.30	1.13	0.95	0.95
4.81	5.27	6.44	6.64	4.56	4.75

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.37%	1.21%	0.40%
Direct wages	14.95	15.44	14.91
General factory salaries and wages	2.62	2.88	1.52
Packing, shipping and delivery wages	0.90	0.80	3.14
Payroll taxes	1.66	1.66	1.51
Employee benefits	2.66	2.79	1.04
TOTAL FACTORY PAYROLL	24.16	24.78	22.52
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.24	0.26	0.32
Depreciation - other	3.24	3.25	1.79
Taxes - real estate	0.29	0.24	0.22
Taxes - other	0.17	0.20	0.19
Insurance	0.19	0.13	0.29
Building rent	0.43	0.25	0.87
Utilities - heat, light, etc.	1.73	1.80	1.46
Equipment rental	0.46	0.30	0.30
Total Fixed Expenses	6.75	6.43	5.44
Other Expenses			
Factory supplies and expense	2.51	2.46	1.13
Packing, shipping and delivery expense	1.01	0.96	1.85
Repairs and maintenance	1.66	1.62	1.17
Other factory expenses	0.73	0.72	0.47
Total Other Expenses	5.91	5.76	4.62
TOTAL FACTORY EXPENSES	12.66	12.19	10.06
ADMINISTRATIVE EXPENSES			
Salaries - executive	1.20	1.22	2.02
Salaries - office	1.23	1.02	2.38
Payroll taxes	0.16	0.14	0.31
Employee benefits	0.35	0.37	0.46
Bad debts	0.52	0.32	1.06
Office supplies and expenses	0.24	0.20	0.25
Professional fees	0.35	0.30	0.58
Taxes - business	0.07	0.08	0.17
Telephone	0.25	0.16	0.28
Other administrative expenses	1.03	0.79	2.03
TOTAL ADMINISTRATIVE EXPENSES	5.40	4.60	9.54
SELLING EXPENSES			
Salaries - executive	0.59	0.68	0.77
Salaries and commissions - salesmen	1.99	1.23	2.26
Salaries - sales office clerical	0.54	0.47	0.00
Payroll taxes	0.15	0.12	0.23
Employee benefits	0.20	0.17	0.19
Advertising	0.19	0.09	0.30
Travel and entertainment	0.43	0.26	0.64
Other selling expenses	0.69	0.91	0.67
TOTAL SELLING EXPENSES	4.78	3.93	5.06

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.49%	1.27%	1.19%	1.27%	1.46%	1.17%
14.55	17.98	14.06	15.25	15.38	14.96
1.80	2.15	2.32	1.41	3.04	3.46
0.82	1.22	0.83	0.45	0.84	0.81
1.57	2.17	1.30	1.44	1.83	1.61
2.38	3.29	2.25	1.67	2.99	3.00
22.61	28.08	21.95	21.49	25.54	25.01
0.14	0.41	0.29	0.31	0.25	0.22
3.06	3.16	3.84	3.71	3.16	3.13
0.19	0.23	0.25	0.30	0.34	0.23
0.25	0.51	0.17	0.05	0.15	0.17
0.14	0.04	0.27	0.16	0.17	0.14
0.51	0.02	0.30	0.10	0.42	0.34
1.47	2.08	1.62	1.48	1.86	1.84
0.75	0.09	0.50	0.09	0.36	0.40
6.51	6.54	7.24	6.20	6.71	6.47
2.17	2.07	2.02	1.45	2.88	2.82
0.90	0.21	1.06	1.84	0.98	0.87
1.72	2.15	1.54	1.74	1.72	1.47
0.55	0.26	1.22	1.09	0.60	0.72
5.34	4.69	5.84	6.12	6.18	5.88
11.85	11.23	13.08	12.32	12.89	12.35
1.41	1.06	1.12	1.49	1.14	1.21
1.47	0.73	1.38	1.57	1.07	0.93
0.22	0.11	0.16	0.23	0.13	0.11
0.32	0.27	0.25	0.35	0.38	0.39
0.49	0.28	0.78	0.27	0.39	0.33
0.36	0.15	0.24	0.28	0.20	0.19
0.21	0.11	0.46	0.30	0.34	0.35
0.09	0.02	0.10	0.10	0.04	0.08
0.28	0.06	0.31	0.21	0.21	0.17
0.85	0.41	1.11	0.54	1.00	0.94
5.70	3.20	5.91	5.34	4.90	4.70
0.58	0.46	0.82	1.17	0.49	0.59
2.35	1.71	2.41	1.57	1.72	1.04
0.47	0.70	0.72	0.74	0.52	0.34
0.18	0.17	0.16	0.19	0.13	0.08
0.16	0.16	0.22	0.17	0.21	0.17
0.28	0.19	0.19	0.06	0.16	0.08
0.51	0.28	0.39	0.10	0.41	0.30
0.63	1.25	0.63	0.26	0.73	1.02
5.16	4.92	5.54	4.26	4.37	3.62

CHAPTER 1 - BY SIZE OF FIRM

BALANCE SHEET

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
ASSETS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
CURRENT ASSETS			
Cash	3.51%	7.84%	2.49%
Receivables	29.07	27.23	27.53
Inventories	17.75	12.91	28.43
Other current assets	3.37	6.98	1.29
TOTAL CURRENT ASSETS	53.70	54.96	59.74
FIXED ASSETS			
Real estate	11.95	12.35	16.62
Less: Accumulated depreciation	3.66	3.66	8.29
	8.29	8.69	8.33
Machinery and equipment	66.40	67.19	74.11
Less: Accumulated depreciation	32.90	34.04	47.46
	33.50	33.15	26.65
Other fixed assets	2.94	1.27	5.95
Less: Accumulated depreciation	1.39	0.69	2.63
	1.55	0.58	3.32
NET FIXED ASSETS	43.34	42.42	38.30
OTHER ASSETS	2.96	2.62	1.96
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	8.28	2.89	19.21
Accounts payable	14.06	10.60	16.93
Other current liabilities	8.77	8.65	8.66
TOTAL CURRENT LIABILITIES	31.11	22.14	44.80
LONG-TERM LIABILITIES	32.21	26.86	24.51
TOTAL LIABILITIES	63.32	49.00	69.31
SHAREHOLDERS' AND PROPRIETORS' EQUITY	36.68	51.00	30.69
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.73	2.48	1.33
QUICK RATIO	1.16	1.90	0.70
TOTAL LIABILITIES TO EQUITY	1.73	0.96	2.26
LONG-TERM LIABILITIES TO EQUITY	0.88	0.53	0.80
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.50	0.51	0.64

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.99%	21.72%	5.76%	8.19%	2.57%	4.77%
29.79	24.50	29.39	29.04	28.81	27.30
23.77	12.66	15.74	11.06	16.15	13.49
4.53	12.76	2.69	4.82	3.40	6.36
62.08	71.64	53.58	53.11	50.93	51.92
8.05	17.31	15.70	17.48	11.44	9.82
2.66	6.90	4.28	4.37	3.47	2.75
5.39	10.41	11.42	13.11	7.97	7.07
62.73	70.33	58.45	51.40	70.07	71.03
35.61	54.73	28.93	23.88	32.80	32.51
27.12	15.60	29.52	27.52	37.27	38.52
2.60	1.01	3.77	2.00	2.56	1.11
1.55	0.64	2.12	1.42	1.00	0.50
1.05	0.37	1.65	0.58	1.56	0.61
33.56	26.38	42.59	41.21	46.80	46.20
4.36	1.98	3.83	5.68	2.27	1.88
100.00	100.00	100.00	100.00	100.00	100.00
11.96	0.00	5.99	2.21	7.47	3.70
20.16	13.34	11.87	9.43	12.91	10.35
7.71	6.95	9.95	12.10	8.65	8.03
39.83	20.29	27.81	23.74	29.03	22.08
28.45	21.77	32.40	33.29	33.67	26.11
68.28	42.06	60.21	57.03	62.70	48.19
31.72	57.94	39.79	42.97	37.30	51.81
100.00	100.00	100.00	100.00	100.00	100.00
1.56	3.53	1.93	2.24	1.75	2.35
0.96	2.91	1.36	1.77	1.20	1.74
2.15	0.73	1.51	1.33	1.68	0.93
0.90	0.38	0.81	0.77	0.90	0.50
0.57	0.78	0.49	0.46	0.47	0.46

CHAPTER 1 - BY SIZE OF FIRM

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 59,637	$ 64,084	$ 38,097
Average assets per factory employee (Excluding Executives)	73,256	75,251	52,379
Average net worth per employee - All employees	20,733	31,549	11,568
Average gross plant investment per factory employee (Excluding Executives)	58,470	59,123	50,582
Net worth percentage of fixed assets	99.98%	141.09%	113.37%
EMPLOYEES			
Percent factory - All employees	85.08%	88.15%	73.67%
Percent administrative - All employees	8.47	6.94	18.81
Percent sales - All employees	6.45	4.91	7.52
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 100,742	$ 101,816	$ 83,799
Sales per factory employee	119,574	116,318	113,515
Sales less material per factory employee	63,918	64,515	56,057
Sales per administrative employee	1,455,911	1,738,728	445,383
EXCLUDING EXECUTIVES			
Sales per employee - All employees	107,329	107,039	89,077
Sales per factory employee	125,052	120,282	115,091
Sales less material per factory employee	66,771	66,702	56,811
SALES PER SALESMAN	2,552,385	2,981,351	436,424
SALES TO CURRENT ASSETS	353%	313%	390%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	30.58%	30.20%	31.14%
Factory payroll percentage of gross plant investment	57.54	51.22	55.45
Payroll per employee - All employees	$ 30,044	$ 29,607	$ 25,899
Payroll per factory employee	27,983	27,593	25,638
Payroll per administrative employee	35,552	41,523	22,121
Payroll per sales employee	62,979	57,934	37,848
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 23,342	$ 22,463	$ 21,506
Payroll per factory employee	22,397	21,991	22,576
Payroll per administrative employee	18,517	18,479	12,813
Payroll per sales employee	48,528	35,602	33,706
EXECUTIVE PAYROLL			
Payroll per executive - All executives	67,052	70,635	43,261
Payroll per factory executive	40,247	44,503	19,812
Payroll per administrative executive	85,384	99,932	47,902
Payroll per sales executive	72,298	92,883	37,338
RECEIVABLES			
Collection period	62.1	63.40	46.30
PROFIT			
Gross profit percentage of sales	17.24%	19.84%	16.94%
Average gross profit per factory employee	$ 21,815	$ 24,010	$ 19,308
Income before taxes percentage of sales	5.84%	11.82%	0.09%
Average income (loss) before taxes per employee	$ 5,997	$ 11,780	$ (31)

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 51,467	$ 60,428	$ 58,110	$ 60,310	$ 63,808	$ 65,945
63,711	69,217	73,452	76,426	77,147	76,239
14,264	29,976	22,139	25,464	22,619	33,625
45,484	53,961	56,786	53,400	63,394	61,864
123.23%	241.51%	111.43%	122.96%	88.00%	124.75%
83.45%	88.62%	82.30%	82.16%	87.23%	89.77%
9.63	5.54	9.51	10.33	7.17	6.27
6.92	5.84	8.19	7.51	5.60	3.96
$ 86,197	$ 87,161	$ 97,239	$ 91,769	$ 107,308	$ 107,828
103,420	97,780	118,843	112,011	124,980	121,520
53,028	53,223	63,058	61,440	67,906	67,813
1,158,938	1,664,546	1,080,970	1,022,117	1,740,693	1,959,370
93,697	91,003	103,032	97,931	113,994	113,077
109,246	100,290	123,238	116,417	130,977	125,671
55,907	54,629	65,389	63,872	71,062	70,097
1,039,521	622,162	1,960,530	2,253,957	3,373,078	3,617,014
347%	252%	335%	309%	360%	328%
29.77%	33.45%	29.19%	28.97%	31.32%	29.85%
73.92	50.70	51.60	51.25	55.03	51.33
$ 24,710	$ 27,721	$ 28,111	$ 26,291	$ 32,585	$ 30,958
22,590	26,483	25,384	23,599	30,696	28,972
28,713	32,099	29,715	34,039	40,520	45,681
54,338	46,681	59,311	69,951	68,294	56,912
$ 19,104	$ 21,127	$ 22,334	$ 20,482	$ 25,082	$ 23,316
17,855	20,682	20,894	19,750	24,306	22,912
17,017	14,823	16,876	17,096	19,893	19,658
34,843	35,839	41,933	30,321	55,893	37,060
40,856	52,894	69,043	71,123	75,373	74,297
33,500	43,319	48,639	37,916	40,183	46,639
43,109	56,910	74,029	84,565	104,275	113,542
50,646	61,622	88,727	116,803	74,409	92,748
59.0	55.2	66.0	74.1	62.4	62.2
17.33%	15.52%	18.42%	22.04%	16.79%	20.14%
$ 19,210	$ 16,032	$ 23,080	$ 25,440	$ 22,246	$ 25,311
5.42%	10.93%	5.81%	12.12%	6.28%	11.93%
$ 4,850	$ 9,382	$ 5,515	$ 10,847	$ 6,846	$ 12,561

CHAPTER 1 - BY SIZE OF FIRM

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 2.63	$ 6.07	$ 1.13
Receivables	16.34	16.77	12.67
Inventories	9.91	8.20	13.49
Marketable securities	1.04	2.89	0.00
Other current assets	1.22	2.04	0.62
	31.14	35.97	27.91
Plant Investment:			
Land and building	7.33	7.96	8.32
Machinery and equipment	39.05	42.34	34.47
Other fixed assets	1.58	0.74	2.49
	47.96	51.04	45.28
Non-Current Assets	1.91	1.82	0.98
TOTAL INVESTMENT	81.01	88.83	74.17
INVESTMENT TURNOVER PER $100 OF SALES	123.44%	112.57%	134.83%
EARNINGS			
Cost of Product	$82.76	$80.16	$83.06
Selling Expenses	4.78	3.93	5.06
Administrative Expenses	5.40	4.60	9.54
	92.94	88.69	97.66
Income Before Interest, Other Income, and Taxes	7.06	11.31	2.34
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	8.71%	12.73%	3.16%

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 4.90	$20.64	$ 3.38	$ 4.80	$ 1.75	$ 3.31
15.37	14.38	17.35	19.60	16.47	16.48
12.16	9.02	9.31	7.02	9.27	8.36
2.54	8.72	0.94	2.54	0.68	1.73
0.49	0.07	0.67	0.57	1.68	2.89
35.46	52.83	31.65	34.53	29.85	32.77
4.85	10.58	9.65	11.34	7.13	6.43
36.19	44.77	35.33	33.02	41.55	44.48
1.38	0.81	1.99	1.16	1.43	0.60
42.42	56.16	46.97	45.52	50.11	51.51
2.51	1.20	2.41	3.76	1.59	1.40
80.39	110.19	81.03	83.81	81.55	85.68
124.39%	90.75%	123.41%	119.32%	122.62%	116.71%
$82.67	$84.48	$81.58	$77.96	$83.21	$79.86
5.16	4.92	5.54	4.26	4.37	3.62
5.70	3.20	5.91	5.34	4.90	4.70
93.53	92.60	93.03	87.56	92.48	88.18
6.47	7.40	6.97	12.44	7.52	11.82
8.05%	6.72%	8.60%	14.84%	9.22%	13.80%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	44.07	45.23	44.40	42.80
FACTORY EXPENSES	23.02	19.55	23.61	22.27
TOTAL FACTORY COST OF PRODUCT	67.09	64.78	68.01	65.07
GROSS PROFIT	32.91	35.22	31.99	34.93
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.17	7.97	10.33	8.47
Selling expenses	10.65	8.11	7.34	6.02
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	20.82	16.08	17.67	14.49
INCOME BEFORE INTEREST EXPENSE	12.09	19.14	14.32	20.44
Interest expense	4.12	1.29	3.60	2.37
OPERATING INCOME	7.97	17.85	10.72	18.07
Other income	1.35	3.57	1.62	2.44
INCOME BEFORE INCOME TAXES	9.32	21.42	12.34	20.51

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.68%	2.28%	2.61%	2.07%
Direct wages	28.02	28.60	26.68	26.19
General factory salaries and wages	4.04	3.88	5.63	6.13
Packing, shipping and delivery wages	1.90	2.05	1.48	1.03
Payroll taxes	2.67	3.21	3.21	2.61
Employee benefits	4.76	5.21	4.79	4.77
TOTAL FACTORY PAYROLL	44.07	45.23	44.40	42.80
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.37	0.40	0.47	0.46
Depreciation - other	6.53	5.51	5.56	5.80
Taxes - real estate	0.50	0.65	0.54	0.35
Taxes - other	0.31	0.34	0.27	0.30
Insurance	0.36	0.12	0.32	0.31
Building rent	0.98	0.56	0.66	0.33
Utilities - heat, light, etc.	3.33	3.71	3.11	2.80
Equipment rental	0.39	0.44	1.30	0.57
Total Fixed Expenses	12.77	11.73	12.23	10.92
Other Expenses				
Factory supplies and expense	4.16	3.79	4.76	4.54
Packing, shipping and delivery expense	2.00	0.81	1.93	2.20
Repairs and maintenance	2.91	2.81	3.19	2.87
Other factory expenses	1.18	0.41	1.50	1.74
Total Other Expenses	10.25	7.82	11.38	11.35
TOTAL FACTORY EXPENSES	23.02	19.55	23.61	22.27
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.15	2.42	2.38	1.99
Salaries - office	2.27	1.50	2.50	2.07
Payroll taxes	0.27	0.28	0.33	0.23
Employee benefits	0.56	0.53	0.69	0.72
Bad debts	0.96	0.45	1.07	0.68
Office supplies and expenses	0.44	0.20	0.47	0.47
Professional fees	0.64	0.46	0.72	0.65
Taxes - business	0.15	0.07	0.13	0.17
Telephone	0.54	0.28	0.39	0.30
Other administrative expenses	2.19	1.78	1.65	1.19
TOTAL ADMINISTRATIVE EXPENSES	10.17	7.97	10.33	8.47
SELLING EXPENSES				
Salaries - executive	1.20	0.76	1.04	1.41
Salaries and commissions - salesmen	5.05	3.43	2.67	1.65
Salaries - sales office clerical	1.07	0.97	0.95	0.76
Payroll taxes	0.29	0.31	0.28	0.15
Employee benefits	0.33	0.25	0.38	0.33
Advertising	0.39	0.15	0.33	0.12
Travel and entertainment	1.01	0.37	0.67	0.53
Other selling expenses	1.31	1.87	1.02	1.07
TOTAL SELLING EXPENSES	10.65	8.11	7.34	6.02

CHAPTER 2 - BY PRODUCT SPECIALTY

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	35.95	34.67	30.26	27.84
Other chargeable materials	7.65	6.62	8.09	8.15
Outside services	5.09	5.78	4.51	4.45
TOTAL MATERIALS	48.69	47.07	42.86	40.44
FACTORY PAYROLL	22.64	24.03	25.24	25.42
FACTORY EXPENSES	11.86	10.33	13.45	13.26
TOTAL FACTORY COST OF PRODUCT	83.19	81.43	81.55	79.12
GROSS PROFIT	16.81	18.57	18.45	20.88
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	5.19	4.26	5.82	5.02
Selling expenses	5.45	4.27	4.19	3.62
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	10.64	8.53	10.01	8.64
INCOME BEFORE INTEREST EXPENSE	6.17	10.04	8.44	12.24
Interest expense	2.05	0.73	2.05	1.36
OPERATING INCOME	4.12	9.31	6.39	10.88
Other income	0.73	1.98	0.92	1.43
INCOME BEFORE INCOME TAXES	4.85	11.29	7.31	12.31

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	4.94%	4.52%	4.91%	5.03%
Film	0.69	0.42	0.68	0.76
Plates	0.67	0.69	1.16	1.22
Other chargeable materials	1.35	0.99	1.34	1.14
TOTAL OTHER CHARGEABLE MATERIALS	7.65	6.62	8.09	8.15
OUTSIDE SERVICES				
Composition	0.27	0.04	0.10	0.03
Offset preparation	1.12	0.92	0.91	0.57
Printing	1.02	2.01	1.32	2.01
Binding	1.65	1.84	0.96	0.55
Other outside services	1.03	0.97	1.22	1.29
TOTAL OUTSIDE SERVICES	5.09	5.78	4.51	4.45

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.30%	1.19%	1.48%	1.23%
Direct wages	14.45	15.27	15.14	15.58
General factory salaries and wages	2.06	1.98	3.19	3.60
Packing, shipping and delivery wages	0.97	1.10	0.83	0.60
Payroll taxes	1.37	1.74	1.87	1.60
Employee benefits	2.49	2.75	2.73	2.81
TOTAL FACTORY PAYROLL	22.64	24.03	25.24	25.42
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.19	0.22	0.28	0.27
Depreciation - other	3.36	2.84	3.22	3.47
Taxes - real estate	0.26	0.33	0.32	0.19
Taxes - other	0.15	0.18	0.16	0.19
Insurance	0.18	0.06	0.19	0.18
Building rent	0.51	0.32	0.37	0.22
Utilities - heat, light, etc.	1.71	1.98	1.80	1.68
Equipment rental	0.20	0.25	0.69	0.34
Total Fixed Expenses	6.56	6.18	7.03	6.54
Other Expenses				
Factory supplies and expense	2.16	2.00	2.76	2.73
Packing, shipping and delivery expense	1.04	0.44	1.06	1.36
Repairs and maintenance	1.50	1.50	1.75	1.59
Other factory expenses	0.60	0.21	0.85	1.04
Total Other Expenses	5.30	4.15	6.42	6.72
TOTAL FACTORY EXPENSES	11.86	10.33	13.45	13.26
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.10	1.30	1.36	1.22
Salaries - office	1.15	0.81	1.40	1.21
Payroll taxes	0.14	0.15	0.19	0.14
Employee benefits	0.29	0.28	0.40	0.45
Bad debts	0.48	0.23	0.57	0.37
Office supplies and expenses	0.22	0.10	0.26	0.27
Professional fees	0.32	0.24	0.40	0.37
Taxes - business	0.07	0.03	0.08	0.11
Telephone	0.27	0.15	0.22	0.18
Other administrative expenses	1.15	0.97	0.94	0.70
TOTAL ADMINISTRATIVE EXPENSES	5.19	4.26	5.82	5.02
SELLING EXPENSES				
Salaries - executive	0.60	0.40	0.59	0.86
Salaries and commissions - salesmen	2.60	1.71	1.49	0.96
Salaries - sales office clerical	0.54	0.54	0.53	0.44
Payroll taxes	0.15	0.17	0.16	0.09
Employee benefits	0.17	0.14	0.22	0.20
Advertising	0.20	0.08	0.20	0.07
Travel and entertainment	0.50	0.20	0.38	0.32
Other selling expenses	0.69	1.03	0.62	0.68
TOTAL SELLING EXPENSES	5.45	4.27	4.19	3.62

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	4.44%	11.37%	2.67%	6.08%
Receivables	29.92	29.95	27.27	23.92
Inventories	18.84	14.09	16.89	12.30
Other current assets	2.58	5.81	4.27	8.32
TOTAL CURRENT ASSETS	55.78	61.22	51.10	50.62
FIXED ASSETS				
Real estate	10.68	10.95	11.78	12.32
Less: Accumulated depreciation	3.55	3.13	3.21	3.68
	7.13	7.82	8.57	8.64
Machinery and equipment	65.54	61.70	68.51	69.70
Less: Accumulated depreciation	32.25	34.16	33.18	32.10
	33.29	27.54	35.33	37.60
Other fixed assets	3.13	1.35	3.02	1.23
Less: Accumulated depreciation	1.47	0.66	1.42	0.72
	1.66	0.69	1.60	0.51
NET FIXED ASSETS	42.08	36.05	45.50	46.75
OTHER ASSETS	2.14	2.73	3.40	2.63
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	9.41	0.84	7.99	4.50
Accounts payable	14.43	11.91	13.15	8.30
Other current liabilities	9.08	11.18	7.96	7.07
TOTAL CURRENT LIABILITIES	32.92	23.93	29.10	19.87
LONG-TERM LIABILITIES	32.25	27.26	31.88	28.83
TOTAL LIABILITIES	65.17	51.19	60.98	48.70
SHAREHOLDERS' AND PROPRIETORS' EQUITY	34.83	48.81	39.02	51.30
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.69	2.56	1.76	2.55
QUICK RATIO	1.12	1.97	1.18	1.93
TOTAL LIABILITIES TO EQUITY	1.87	1.05	1.56	0.95
LONG-TERM LIABILITIES TO EQUITY	0.93	0.56	0.82	0.56
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.49	0.55	0.48	0.46

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 66,111	$ 76,650	$ 53,636	$ 57,657
Average assets per factory employee (Excluding Executives)	83,203	91,641	64,438	66,786
Average net worth per employee - All employees	21,438	34,612	20,905	29,935
Average gross plant investment per factory employee (Excluding Executives)	64,265	65,420	53,748	55,784
Net worth percentage of fixed assets	103.38%	164.92%	97.01%	123.86%
EMPLOYEES				
Percent factory - All employees	83.16%	86.27%	86.45%	89.24%
Percent administrative - All employees	8.89	7.38	8.48	6.73
Percent sales - All employees	7.95	6.35	5.07	4.03
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 110,817	$ 119,448	$ 89,969	$ 89,942
Sales per factory employee	134,454	138,653	104,855	101,595
Sales less material per factory employee	69,147	72,412	59,415	59,419
Sales per administrative employee EXCLUDING EXECUTIVES	1,507,816	1,968,129	1,284,984	1,582,503
Sales per employee - All employees	118,435	126,323	95,651	94,111
Sales per factory employee	140,832	143,825	109,550	104,852
Sales less material per factory employee	72,253	75,082	62,033	61,340
SALES PER SALESMAN	1,654,567	1,770,544	3,532,021	3,881,005
SALES TO CURRENT ASSETS	341%	275%	365%	328%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	29.39%	29.51%	31.58%	30.98%
Factory payroll percentage of gross plant investment	53.43	52.55	59.97	50.02
Payroll per employee - All employees	$ 31,582	$ 32,938	$ 28,268	$ 27,590
Payroll per factory employee	29,300	31,255	26,310	25,263
Payroll per administrative employee	33,346	41,811	37,583	42,522
Payroll per sales employee	61,718	43,374	67,456	68,470
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 24,911	$ 25,018	$ 21,616	$ 20,939
Payroll per factory employee	23,594	24,541	20,975	20,422
Payroll per administrative employee	17,319	16,839	19,490	20,108
Payroll per sales employee	53,061	37,509	46,308	34,923
EXECUTIVE PAYROLL				
Payroll per executive - All executives	65,362	60,203	71,943	77,906
Payroll per factory executive	40,276	46,340	40,657	42,765
Payroll per administrative executive	76,847	84,738	97,658	113,448
Payroll per sales executive	65,377	43,480	77,565	122,029
RECEIVABLES				
Collection period	64.4	72.1	58.8	57.4
PROFIT				
Gross profit percentage of sales	16.81%	18.57%	18.45%	20.88%
Average gross profit per factory employee	$ 24,834	$ 27,872	$ 19,796	$ 21,723
Income before taxes percentage of sales	4.85%	11.29%	7.31%	12.31%
Average income before taxes per employee	$ 5,900	$ 13,261	$ 6,455	$ 10,893

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 3.26	$ 9.65	$ 2.14	$ 4.16
Receivables	17.00	19.11	15.43	15.15
Inventories	11.12	9.43	8.90	7.71
Marketable securities	1.00	3.27	1.23	2.87
Other current assets	0.65	0.73	1.77	3.08
	33.03	42.19	29.47	32.97
Plant Investment:				
Land and building	6.55	8.13	7.53	7.72
Machinery and equipment	38.89	39.55	40.91	45.06
Other fixed assets	1.64	0.85	1.67	0.69
	47.08	48.53	50.11	53.47
Non-Current Assets	1.28	1.87	2.41	1.88
TOTAL INVESTMENT	81.39	92.59	81.99	88.32
INVESTMENT TURNOVER PER $100 OF SALES	122.87%	108.00%	121.97%	113.22%
EARNINGS				
Cost of Product	$83.19	$81.43	$81.55	$79.12
Selling Expenses	5.45	4.27	4.19	3.62
Administrative Expenses	5.19	4.26	5.82	5.02
	93.83	89.96	91.56	87.76
Income Before Interest, Other Income, and Taxes	6.17	10.04	8.44	12.24
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.58%	10.84%	10.29%	13.86%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	43.59	46.75	48.34	45.04
FACTORY EXPENSES	24.17	20.78	21.99	21.79
TOTAL FACTORY COST OF PRODUCT	67.76	67.53	70.33	66.83
GROSS PROFIT	32.24	32.47	29.67	33.17
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	11.80	8.43	9.58	9.82
Selling expenses	10.40	7.31	9.60	8.20
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	22.20	15.74	19.18	18.02
INCOME BEFORE INTEREST EXPENSE	10.04	16.73	10.49	15.15
Interest expense	4.33	2.15	4.07	2.06
OPERATING INCOME	5.71	14.58	6.42	13.09
Other income	1.44	4.34	2.75	7.21
INCOME BEFORE INCOME TAXES	7.15	18.92	9.17	20.30

21% TO 41%		41% TO 61%		OVER 61%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X
X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
47.43	44.42	43.13	40.88	44.70	44.42
22.87	26.60	22.08	22.98	23.38	19.06
70.30	71.02	65.21	63.86	68.08	63.48
29.70	28.98	34.79	36.14	31.92	36.52
8.69	5.48	8.31	9.17	8.92	6.66
9.26	3.57	7.89	7.51	6.55	5.99
17.95	9.05	16.20	16.68	15.47	12.65
11.75	19.93	18.59	19.46	16.45	23.87
2.80	2.04	3.62	2.42	3.04	0.43
8.95	17.89	14.97	17.04	13.41	23.44
1.20	0.32	1.82	3.32	0.86	0.62
10.15	18.21	16.79	20.36	14.27	24.06

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.95%	2.25%	2.91%	3.76%
Direct wages	27.93	30.18	26.66	22.83
General factory salaries and wages	4.62	6.11	6.50	6.11
Packing, shipping and delivery wages	1.49	1.50	2.02	3.16
Payroll taxes	2.64	2.19	3.57	3.44
Employee benefits	3.96	4.52	6.68	5.74
TOTAL FACTORY PAYROLL	43.59	46.75	48.34	45.04
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.38	0.54	0.23	0.35
Depreciation - other	6.88	6.50	5.12	5.03
Taxes - real estate	0.54	0.83	0.29	0.47
Taxes - other	0.23	0.10	0.44	0.60
Insurance	0.44	0.37	0.25	0.16
Building rent	0.94	0.02	0.52	0.31
Utilities - heat, light, etc.	2.64	2.35	3.83	3.67
Equipment rental	0.81	0.44	1.14	1.04
Total Fixed Expenses	12.86	11.15	11.82	11.63
Other Expenses				
Factory supplies and expense	4.28	3.05	4.97	6.09
Packing, shipping and delivery expense	1.63	1.07	0.95	1.15
Repairs and maintenance	3.44	3.86	2.95	1.80
Other factory expenses	1.96	1.65	1.30	1.12
Total Other Expenses	11.31	9.63	10.17	10.16
TOTAL FACTORY EXPENSES	24.17	20.78	21.99	21.79
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.45	1.91	2.02	2.25
Salaries - office	2.74	1.56	2.23	2.03
Payroll taxes	0.37	0.23	0.29	0.33
Employee benefits	0.53	0.34	0.85	0.73
Bad debts	1.48	1.57	0.73	0.52
Office supplies and expenses	0.55	0.36	0.45	0.40
Professional fees	0.69	0.87	0.58	0.41
Taxes - business	0.15	0.13	0.03	0.04
Telephone	0.51	0.27	0.50	0.19
Other administrative expenses	2.33	1.19	1.90	2.92
TOTAL ADMINISTRATIVE EXPENSES	11.80	8.43	9.58	9.82
SELLING EXPENSES				
Salaries - executive	1.16	0.67	1.02	0.65
Salaries and commissions - salesmen	4.73	3.93	3.80	1.91
Salaries - sales office clerical	1.39	1.07	1.03	0.92
Payroll taxes	0.34	0.26	0.29	0.23
Employee benefits	0.40	0.27	0.54	0.40
Advertising	0.43	0.27	0.33	0.03
Travel and entertainment	0.94	0.36	0.87	0.53
Other selling expenses	1.01	0.48	1.72	3.53
TOTAL SELLING EXPENSES	10.40	7.31	9.60	8.20

21% TO 41%		41% TO 61%		OVER 61%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.11%	1.89%	1.75%	1.69%	2.70%	1.74%
30.53	28.43	26.29	23.97	27.36	31.68
3.96	3.29	5.13	6.24	4.57	3.50
1.59	0.62	1.58	1.20	1.23	0.62
2.87	3.35	3.25	3.12	3.96	3.18
5.37	6.84	5.13	4.66	4.88	3.70
47.43	44.42	43.13	40.88	44.70	44.42
0.54	0.38	0.56	0.55	0.75	0.40
5.36	6.19	5.28	5.69	5.01	5.84
0.47	0.53	0.28	0.27	1.01	0.28
0.38	0.31	0.41	0.49	0.28	0.29
0.27	0.25	0.42	0.23	0.34	0.24
0.62	0.34	0.68	0.73	0.70	0.84
3.72	3.22	3.23	3.23	3.89	3.21
0.35	1.21	0.42	0.57	1.34	0.00
11.71	12.43	11.28	11.76	13.32	11.10
3.61	3.87	4.36	4.32	5.97	4.67
2.69	5.41	2.25	2.20	0.77	0.55
2.87	1.81	3.38	3.55	2.95	1.95
1.99	3.08	0.81	1.15	0.37	0.79
11.16	14.17	10.80	11.22	10.06	7.96
22.87	26.60	22.08	22.98	23.38	19.06
1.76	1.61	2.48	2.97	2.51	2.08
1.74	1.12	1.85	1.83	1.95	1.33
0.19	0.21	0.19	0.20	0.33	0.19
0.72	0.62	0.55	0.63	0.70	0.73
0.79	0.10	0.33	0.35	0.48	0.18
0.39	0.37	0.36	0.27	0.28	0.34
0.53	0.35	0.55	0.58	0.60	0.57
0.09	0.07	0.23	0.32	0.02	0.00
0.35	0.25	0.43	0.42	0.35	0.22
2.13	0.78	1.34	1.60	1.70	1.02
8.69	5.48	8.31	9.17	8.92	6.66
0.81	0.52	1.46	1.77	0.43	0.42
4.03	0.79	2.98	1.87	2.01	1.79
1.57	0.98	0.59	0.52	0.62	0.63
0.30	0.19	0.13	0.14	0.32	0.18
0.54	0.25	0.21	0.24	0.24	0.21
0.39	0.12	0.21	0.27	0.44	0.12
0.79	0.26	0.60	0.56	0.59	0.52
0.83	0.46	1.71	2.14	1.90	2.12
9.26	3.57	7.89	7.51	6.55	5.99

CHAPTER 3 - BY PERCENTAGE OF PAPER SUPPLIED

REPORT ON OPERATIONS - SALES = 100%

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	37.92	39.70	34.85	32.14
Other chargeable materials	7.50	8.29	6.26	5.08
Outside services	4.18	4.51	5.36	4.16
TOTAL MATERIALS	49.60	52.50	46.47	41.38
FACTORY PAYROLL	21.77	22.26	25.91	26.50
FACTORY EXPENSES	12.13	9.85	11.77	12.87
TOTAL FACTORY COST OF PRODUCT	83.50	84.61	84.15	80.75
GROSS PROFIT	16.50	15.39	15.85	19.25
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	5.98	3.97	5.11	5.66
Selling expenses	5.32	3.45	5.10	4.75
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	11.30	7.42	10.21	10.41
INCOME BEFORE INTEREST EXPENSE	5.20	7.97	5.64	8.84
Interest expense	2.16	1.05	2.10	1.19
OPERATING INCOME	3.04	6.92	3.54	7.65
Other income	0.71	2.05	1.59	4.25
INCOME BEFORE INCOME TAXES	3.75	8.97	5.13	11.90

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	4.32%	5.28%	4.23%	3.09%
Film	0.74	0.42	0.62	0.72
Plates	0.79	0.60	0.72	0.92
Other chargeable materials	1.65	1.99	0.69	0.35
TOTAL OTHER CHARGEABLE MATERIALS	7.50	8.29	6.26	5.08
OUTSIDE SERVICES				
Composition	0.09	0.03	0.04	0.00
Offset preparation	0.85	1.19	2.11	0.35
Printing	0.73	1.04	0.46	0.42
Binding	1.49	1.81	1.33	1.08
Other outside services	1.02	0.44	1.42	2.31
TOTAL OUTSIDE SERVICES	4.18	4.51	5.36	4.16

21% TO 41%		41% TO 61%		OVER 61%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
31.78	31.94	26.42	25.92	20.95	18.51
7.88	6.49	7.67	6.91	10.69	11.88
5.98	1.56	4.27	5.15	4.58	5.41
45.64	39.99	38.36	37.98	36.22	35.80
25.72	26.31	26.68	25.39	28.54	28.69
12.54	16.05	13.57	14.20	14.93	12.22
83.90	82.35	78.61	77.57	79.69	76.71
16.10	17.65	21.39	22.43	20.31	23.29
4.66	3.40	5.22	5.77	5.65	4.20
4.88	2.18	4.85	4.68	4.14	3.81
9.54	5.58	10.07	10.45	9.79	8.01
6.56	12.07	11.32	11.98	10.52	15.28
1.53	1.22	2.17	1.54	1.97	0.28
5.03	10.85	9.15	10.44	8.55	15.00
0.66	0.23	1.18	2.16	0.54	0.37
5.69	11.08	10.33	12.60	9.09	15.37
4.56%	4.16%	4.71%	4.34%	7.65%	8.48%
0.63	0.56	0.64	0.51	0.34	0.82
0.72	0.86	0.93	1.18	1.63	1.86
1.97	0.91	1.39	0.88	1.07	0.72
7.88	6.49	7.67	6.91	10.69	11.88
1.16	0.00	0.01	0.02	0.00	0.00
1.18	0.50	1.41	1.84	1.15	0.07
1.46	0.39	1.79	2.30	1.35	3.21
1.74	0.00	0.79	0.64	0.30	0.37
0.44	0.67	0.27	0.35	1.78	1.76
5.98	1.56	4.27	5.15	4.58	5.41

SUPPORTING SCHEDULES - SALES = 100%

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.46%	1.07%	1.62%	2.25%
Direct wages	13.92	14.36	14.25	13.37
General factory salaries and wages	2.32	2.90	3.46	3.68
Packing, shipping and delivery wages	0.74	0.71	1.07	1.77
Payroll taxes	1.32	1.03	1.92	2.02
Employee benefits	2.01	2.19	3.59	3.41
TOTAL FACTORY PAYROLL	21.77	22.26	25.91	26.50
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.19	0.26	0.12	0.21
Depreciation - other	3.45	3.05	2.76	2.96
Taxes - real estate	0.27	0.39	0.16	0.27
Taxes - other	0.11	0.05	0.25	0.36
Insurance	0.22	0.18	0.13	0.09
Building rent	0.48	0.01	0.27	0.17
Utilities - heat, light, etc.	1.32	1.12	2.03	2.14
Equipment rental	0.43	0.21	0.60	0.65
Total Fixed Expenses	6.47	5.27	6.32	6.85
Other Expenses				
Factory supplies and expense	2.17	1.46	2.70	3.64
Packing, shipping and delivery expense	0.78	0.51	0.51	0.67
Repairs and maintenance	1.71	1.82	1.53	1.04
Other factory expenses	1.00	0.79	0.71	0.67
Total Other Expenses	5.66	4.58	5.45	6.02
TOTAL FACTORY EXPENSES	12.13	9.85	11.77	12.87
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.23	0.89	1.10	1.34
Salaries - office	1.39	0.74	1.18	1.16
Payroll taxes	0.19	0.11	0.15	0.19
Employee benefits	0.27	0.16	0.44	0.43
Bad debts	0.75	0.75	0.38	0.31
Office supplies and expenses	0.29	0.17	0.24	0.24
Professional fees	0.34	0.40	0.31	0.25
Taxes - business	0.07	0.06	0.02	0.02
Telephone	0.26	0.13	0.26	0.11
Other administrative expenses	1.19	0.56	1.03	1.61
TOTAL ADMINISTRATIVE EXPENSES	5.98	3.97	5.11	5.66
SELLING EXPENSES				
Salaries - executive	0.60	0.32	0.55	0.40
Salaries and commissions - salesmen	2.41	1.82	1.97	1.13
Salaries - sales office clerical	0.71	0.52	0.56	0.54
Payroll taxes	0.17	0.12	0.16	0.14
Employee benefits	0.21	0.13	0.29	0.24
Advertising	0.22	0.13	0.17	0.02
Travel and entertainment	0.48	0.18	0.46	0.32
Other selling expenses	0.52	0.23	0.94	1.96
TOTAL SELLING EXPENSES	5.32	3.45	5.10	4.75

21% TO 41%		41% TO 61%		OVER 61%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.66%	1.18%	1.10%	1.03%	1.63%	1.08%
16.54	16.77	16.21	14.93	17.51	20.46
2.16	1.96	3.21	3.88	2.94	2.29
0.85	0.38	1.00	0.79	0.79	0.38
1.57	1.97	2.01	1.95	2.58	2.06
2.94	4.05	3.15	2.81	3.09	2.42
25.72	26.31	26.68	25.39	28.54	28.69
0.29	0.23	0.33	0.33	0.50	0.26
2.95	3.78	3.24	3.54	3.23	3.75
0.25	0.31	0.17	0.16	0.68	0.18
0.21	0.19	0.27	0.32	0.17	0.17
0.15	0.15	0.27	0.14	0.22	0.15
0.33	0.19	0.42	0.44	0.48	0.57
1.99	1.86	1.99	2.00	2.48	2.04
0.19	0.67	0.25	0.35	0.76	0.00
6.36	7.38	6.94	7.28	8.52	7.12
1.92	2.21	2.74	2.67	3.80	3.03
1.58	3.44	1.36	1.39	0.50	0.34
1.53	1.06	2.02	2.13	1.87	1.21
1.15	1.96	0.51	0.73	0.24	0.52
6.18	8.67	6.63	6.92	6.41	5.10
12.54	16.05	13.57	14.20	14.93	12.22
0.96	1.01	1.53	1.83	1.55	1.27
0.94	0.70	1.15	1.15	1.28	0.85
0.10	0.13	0.12	0.13	0.21	0.13
0.39	0.39	0.36	0.41	0.46	0.50
0.41	0.06	0.22	0.24	0.30	0.11
0.22	0.23	0.23	0.17	0.18	0.21
0.28	0.21	0.35	0.37	0.37	0.35
0.05	0.04	0.16	0.22	0.01	0.00
0.19	0.16	0.27	0.26	0.22	0.14
1.12	0.47	0.83	0.99	1.07	0.64
4.66	3.40	5.22	5.77	5.65	4.20
0.43	0.32	0.96	1.17	0.25	0.25
2.08	0.46	1.78	1.17	1.25	1.10
0.86	0.63	0.37	0.32	0.36	0.39
0.16	0.11	0.08	0.08	0.20	0.11
0.29	0.16	0.14	0.15	0.14	0.13
0.20	0.07	0.12	0.16	0.30	0.08
0.42	0.15	0.38	0.36	0.38	0.33
0.44	0.28	1.02	1.27	1.26	1.42
4.88	2.18	4.85	4.68	4.14	3.81

BALANCE SHEET

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	1.99%	2.09%	4.06%	6.40%
Receivables	29.59	27.28	32.48	28.95
Inventories	19.98	16.17	15.78	10.90
Other current assets	2.62	4.92	5.32	12.78
TOTAL CURRENT ASSETS	54.18	50.46	57.64	59.03
FIXED ASSETS				
Real estate	11.56	14.70	9.68	9.78
Less: Accumulated depreciation	3.24	3.28	3.64	4.48
	8.32	11.42	6.04	5.30
Machinery and equipment	66.49	69.11	71.29	78.30
Less: Accumulated depreciation	34.25	32.67	38.61	46.69
	32.24	36.44	32.68	31.61
Other fixed assets	3.54	1.17	2.63	1.57
Less: Accumulated depreciation	1.92	0.49	1.16	0.51
	1.62	0.68	1.47	1.06
NET FIXED ASSETS	42.18	48.54	40.19	37.97
OTHER ASSETS	3.64	1.00	2.17	3.00
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	10.05	3.51	12.01	2.44
Accounts payable	13.57	9.74	14.89	7.75
Other current liabilities	6.83	2.55	8.54	7.25
TOTAL CURRENT LIABILITIES	30.45	15.80	35.44	17.44
LONG-TERM LIABILITIES	31.88	34.81	30.13	16.00
TOTAL LIABILITIES	62.33	50.61	65.57	33.44
SHAREHOLDERS' AND PROPRIETORS' EQUITY	37.67	49.39	34.43	66.56
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.78	3.19	1.63	3.38
QUICK RATIO	1.12	2.17	1.18	2.76
TOTAL LIABILITIES TO EQUITY	1.65	1.02	1.90	0.50
LONG-TERM LIABILITIES TO EQUITY	0.85	0.70	0.88	0.24
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.52	0.47	0.54	0.60

21% TO 41%		41% TO 61%		OVER 61%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.33%	6.91%	4.89%	6.77%	2.22%	2.15%
27.91	26.62	28.42	29.65	24.93	21.75
19.62	14.40	12.74	11.00	13.57	9.91
4.47	10.61	2.67	3.64	6.94	15.52
55.33	58.54	48.72	51.06	47.66	49.33
15.56	13.22	13.33	12.79	14.46	9.24
5.12	2.69	4.02	3.83	3.69	2.11
10.44	10.53	9.31	8.96	10.77	7.13
59.21	52.73	73.21	73.55	67.95	68.50
30.46	26.98	34.19	35.33	32.82	29.32
28.75	25.75	39.02	38.22	35.13	39.18
4.02	2.05	1.29	0.76	2.82	1.04
0.93	1.25	0.62	0.43	1.23	0.41
3.09	0.80	0.67	0.33	1.59	0.63
42.28	37.08	49.00	47.51	47.49	46.94
2.39	4.38	2.28	1.43	4.85	3.73
100.00	100.00	100.00	100.00	100.00	100.00
2.05	2.31	8.04	3.57	3.73	4.22
11.02	4.85	14.24	13.59	11.41	7.15
15.16	19.51	8.20	7.85	8.38	6.91
28.23	26.67	30.48	25.01	23.52	18.28
34.86	41.02	27.87	25.16	30.50	20.40
63.09	67.69	58.35	50.17	54.02	38.68
36.91	32.31	41.65	49.83	45.98	61.32
100.00	100.00	100.00	100.00	100.00	100.00
1.96	2.19	1.60	2.04	2.03	2.70
1.26	1.66	1.18	1.60	1.45	2.16
1.71	2.10	1.40	1.01	1.17	0.63
0.94	1.27	0.67	0.50	0.66	0.33
0.51	0.51	0.47	0.48	0.48	0.43

SIGNIFICANT FACTS

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 55,910	$ 75,833	$ 54,218	$ 58,838
Average assets per factory employee (Excluding Executives)	70,363	90,118	68,170	72,922
Average net worth per employee - All employees	20,936	35,134	19,035	40,424
Average gross plant investment per factory employee (Excluding Executives)	57,029	75,778	55,274	62,800
Net worth percentage of fixed assets	98.12%	119.63%	103.06%	225.09%
EMPLOYEES				
Percent factory - All employees	83.05%	87.49%	85.21%	86.66%
Percent administrative - All employees	8.87	5.45	8.78	9.82
Percent sales - All employees	8.08	7.06	6.01	3.52
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 92,187	$ 103,489	$ 112,719	$ 106,551
Sales per factory employee	111,633	118,887	133,764	126,006
Sales less material per factory employee	56,396	56,569	70,251	72,048
Sales per administrative employee	1,306,434	2,057,016	1,374,694	1,217,481
EXCLUDING EXECUTIVES				
Sales per employee - All employees	99,247	108,876	121,387	114,018
Sales per factory employee	117,292	123,030	142,287	133,178
Sales less material per factory employee	59,258	58,528	74,707	76,178
SALES PER SALESMAN	2,102,437	2,051,460	1,543,747	822,162
SALES TO CURRENT ASSETS	332%	284%	373%	305%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	28.96%	27.08%	32.31%	32.07%
Factory payroll percentage of gross plant investment	50.29	37.96	64.19	48.30
Payroll per employee - All employees	$ 26,442	$ 28,181	$ 34,454	$ 29,820
Payroll per factory employee	23,983	26,621	32,568	29,229
Payroll per administrative employee	32,312	37,253	36,601	37,012
Payroll per sales employee	48,745	40,616	61,731	57,669
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 21,305	$ 23,157	$ 25,904	$ 21,743
Payroll per factory employee	19,766	22,351	25,188	22,211
Payroll per administrative employee	19,875	21,884	17,581	15,482
Payroll per sales employee	43,348	34,396	41,342	19,796
EXECUTIVE PAYROLL				
Payroll per executive - All executives	44,685	47,136	74,368	52,227
Payroll per factory executive	30,937	38,403	57,189	41,046
Payroll per administrative executive	56,910	60,919	110,485	103,339
Payroll per sales executive	59,052	65,060	94,867	86,917
RECEIVABLES				
Collection period	66.3	76.4	58.7	60.6
PROFIT				
Gross profit percentage of sales	16.50%	15.39%	15.85%	19.25%
Average gross profit per factory employee	$ 19,755	$ 19,063	$ 24,029	$ 29,460
Income before taxes percentage of sales	3.75%	8.97%	5.13%	11.90%
Average income before taxes per employee	$ 3,669	$ 9,295	$ 5,698	$ 12,388

21% TO 41%		41% TO 61%		OVER 61%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 67,381	$ 68,534	$ 62,671	$ 63,448	$ 54,466	$ 52,583
88,102	77,665	72,445	72,973	63,983	59,076
21,838	19,947	25,690	31,267	23,672	32,294
65,036	51,712	61,046	60,844	54,742	47,491
102.84%	88.87%	94.04%	113.99%	113.78%	151.22%
83.67%	89.92%	89.08%	89.49%	88.06%	91.99%
6.91	5.94	6.80	6.45	8.46	4.85
9.42	4.14	4.12	4.06	3.48	3.16
$ 110,717	$ 103,684	$ 103,408	$ 104,131	$ 86,194	$ 79,266
137,536	113,970	116,248	116,586	99,601	86,619
73,836	67,212	70,497	71,306	63,909	54,928
1,831,234	2,457,471	1,541,535	1,628,250	1,174,644	1,632,030
118,262	108,814	108,297	108,728	91,584	83,189
144,553	117,749	119,874	119,502	103,766	89,592
77,512	69,551	72,789	73,071	66,374	56,747
2,592,840	5,036,517	2,833,485	3,130,394	5,943,874	7,187,560
333%	261%	378%	347%	362%	329%
31.93%	30.22%	33.18%	31.82%	34.24%	33.43%
57.25	59.73	54.97	49.90	60.71	60.55
$ 33,965	$ 31,623	$ 33,370	$ 32,415	$ 29,891	$ 26,096
32,563	30,831	29,929	28,741	28,876	24,119
34,887	32,039	49,485	57,047	38,384	45,791
49,952	42,891	93,483	73,588	77,652	38,640
$ 26,755	$ 23,306	$ 25,002	$ 23,334	$ 22,476	$ 20,685
26,128	23,232	23,739	22,576	22,400	20,014
16,543	13,866	20,988	22,016	17,569	18,184
41,106	34,109	79,177	46,487	62,328	31,484
49,703	46,372	102,700	120,027	84,420	48,197
40,785	37,883	43,018	56,002	42,734	38,265
73,131	60,135	133,858	173,707	97,064	76,942
72,573	54,224	127,489	137,883	46,052	61,932
62.2	65.2	59.4	63.0	55.9	63.8
16.10%	17.65%	21.39%	22.43%	20.31%	23.29%
$ 25,752	$ 19,498	$ 25,794	$ 26,953	$ 20,327	$ 21,021
5.69%	11.08%	10.33%	12.60%	9.09%	15.37%
$ 6,748	$ 10,622	$ 10,931	$ 13,337	$ 7,651	$ 12,212

RETURN ON INVESTMENT - PER $100 OF SALES

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 1.28	$ 1.72	$ 2.27	$ 4.40
Receivables	17.28	20.15	15.31	15.64
Inventories	11.33	11.12	7.82	7.10
Ma ke[illegible] e securities	0.14	0.00	2.91	8.72
Other current assets	1.45	3.02	0.48	0.08
	31.48	36.01	28.79	35.94
Plant Investment:				
Land and building	7.33	11.48	5.57	6.72
Machinery and equipment	39.85	50.66	36.34	48.27
Other fixed assets	1.86	0.65	1.12	0.71
	49.04	62.79	43.03	55.70
Non-Current Assets	2.21	0.82	1.23	2.06
TOTAL INVESTMENT	82.73	99.62	73.05	93.70
INVESTMENT TURNOVER PER $100 OF SALES	120.88%	100.38%	136.89%	106.72%
EARNINGS				
Cost of Product	$83.50	$84.61	$84.15	$80.75
Selling Expenses	5.32	3.45	5.10	4.75
Administrative Expenses	5.98	3.97	5.11	5.66
	94.80	92.03	94.36	91.16
Income Before Interest, Other Income, and Taxes	5.20	7.97	5.64	8.84
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.29%	8.00%	7.72%	9.43%

21% TO 41%		41% TO 61%		OVER 61%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 2.21	$ 4.49	$ 3.70	$ 5.13	$ 1.71	$ 1.47
16.28	17.47	15.78	16.75	14.80	14.51
11.94	9.58	6.96	6.43	7.87	6.53
1.45	5.07	1.88	2.63	1.51	3.71
1.30	1.76	0.18	0.18	3.71	8.23
33.18	38.37	28.50	31.12	29.60	34.45
8.67	8.70	7.27	6.83	9.95	6.10
34.39	34.42	42.57	44.02	42.38	44.55
2.12	1.30	0.82	0.48	1.89	0.71
45.18	44.42	50.66	51.33	54.22	51.36
1.55	2.80	1.32	0.88	3.64	2.90
79.91	85.59	80.48	83.33	87.46	88.71
125.14%	116.84%	124.25%	120.00%	114.34%	112.73%
$83.90	$82.35	$78.61	$77.57	$79.69	$76.71
4.88	2.18	4.85	4.68	4.14	3.81
4.66	3.40	5.22	5.77	5.65	4.20
93.44	87.93	88.68	88.02	89.48	84.72
6.56	12.07	11.32	11.98	10.52	15.28
8.21%	14.10%	14.07%	14.38%	12.03%	17.23%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	64	$19,285,000	$31,762,000	$2,232,000
TOTAL - PROFIT LEADERS*	21	25,639,000	43,176,000	4,946,000
BY SIZE OF FIRM				
ALL FIRMS				
$1,500,000-$5,000,000	2	2,225,000	4,853,000	3,000
$5,000,000-$10,000,000	11	4,238,000	7,433,000	397,000
$10,000,000-$20,000,000	14	8,430,000	13,863,000	788,000
Over $20,000,000	37	28,789,000	47,221,000	3,444,000
PROFIT LEADERS				
$5,000,000-$10,000,000	3	5,873,000	8,443,000	912,000
$10,000,000-$20,000,000	4	9,422,000	14,159,000	1,725,000
Over $20,000,000	14	34,508,000	58,910,000	6,730,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	31	13,333,000	23,129,000	1,142,000
Magazine and Periodical	28	26,124,000	41,468,000	3,657,000
PROFIT LEADERS				
Commercial and Advertising	8	13,469,000	21,929,000	2,385,000
Magazine and Periodical	12	35,574,000	60,139,000	6,983,000
BY PERCENTAGE OF PAPER SUPPLIED				
ALL FIRMS				
0% To 11%	21	15,869,000	25,487,000	1,204,000
11% To 21%	9	15,044,000	30,194,000	1,476,000
21% To 41%	7	16,150,000	29,273,000	1,566,000
41% To 61%	7	34,630,000	63,373,000	6,577,000
Over 61%	8	34,515,000	44,800,000	4,472,000
PROFIT LEADERS				
0% To 11%	4	26,777,000	40,138,000	3,607,000
11% To 21%	3	15,061,000	26,574,000	3,123,000
21% To 41%	2	19,012,000	28,714,000	2,897,000
41% To 61%	5	40,384,000	74,927,000	8,547,000
Over 61%	3	38,312,000	58,561,000	8,362,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 43.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services

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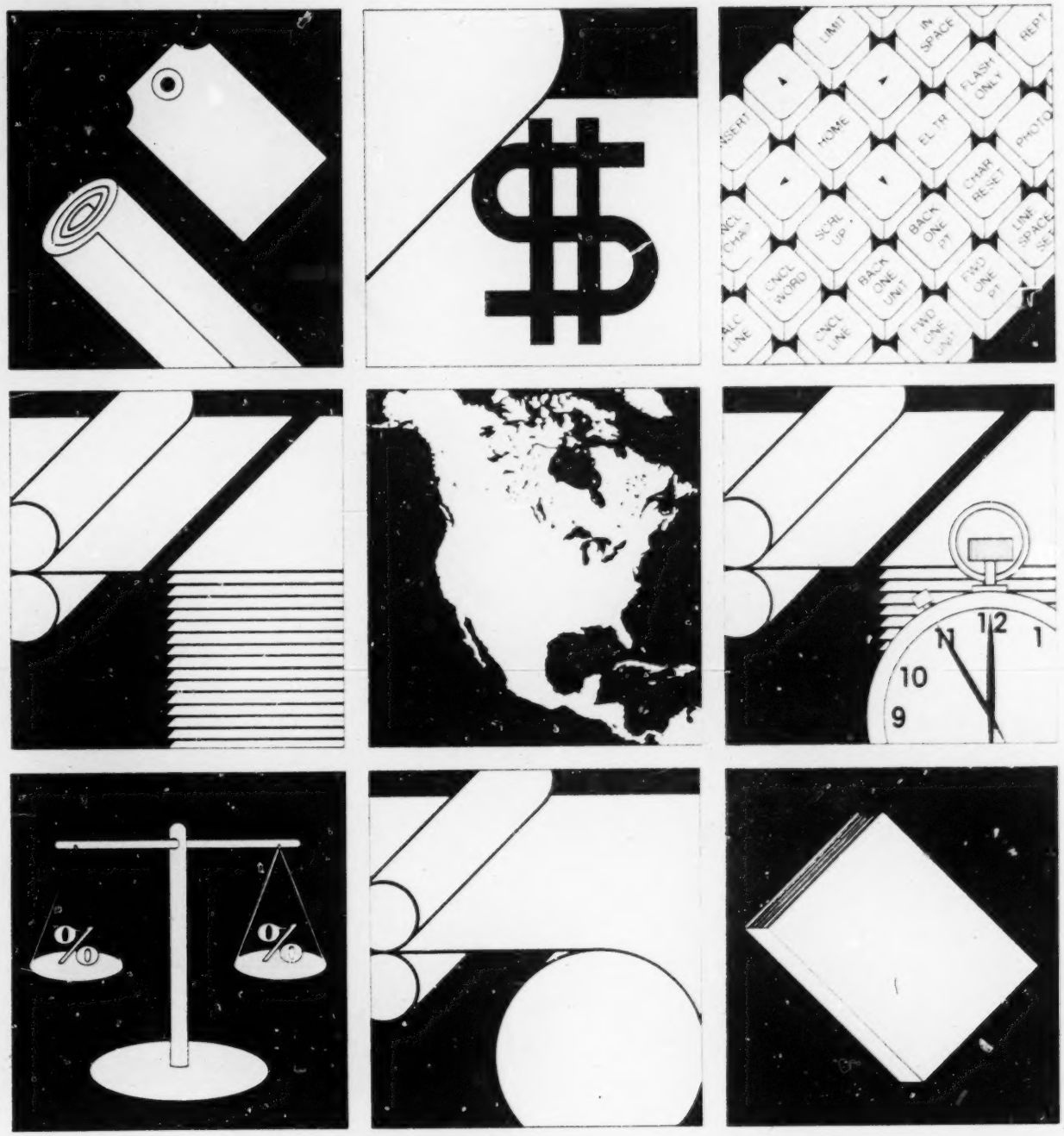
Printing Industries of America, Inc.

1984 Financial Ratios



Volume VII
Web Offset Printers—Non-Heatset

ABOUT PIA . . .

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial service package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Microcomputer Seminars

For further information, contact:

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Director, PIA Financial Services
1730 North Lynn Street
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703/841-4805

PIA's Education and Publication Group is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980s (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981-82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation
- 1984 Executive Compensation Report

These books are available through PIA Affiliated Associations' Graphic Arts Bookstores. For further information, contact:

Printing Industries of America, Inc.
Margaret A. Hogue, Director of Editorial Services
1730 North Lynn Street
Arlington, Virginia 22209
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61ST annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Road, Arnold, Maryland 21012.

1984 FINANCIAL RATIOS

NON-HEATSET WEB OFFSET

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PRINTING INDUSTRIES OF AMERICA, INC.

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PRINTING INDUSTRIES OF AMERICA, INC.

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Dear Colleague:

1984 is the 61st year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the U.S. and Canadian graphic arts industries. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the U.S. and Canadian printing industry, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1984 PIA FINANCIAL RATIOS FOR LARGE PRINTERS. This Ratio Study was developed on the basis of questionnaires volunteered by 140 firms and presents the ratios and statistics of Large Printers (annual sales volume of $10,000,000 or more) by sales volume and product.

Thus the user of the report can direct himself to the standards for his sales volume — for example, sales from $10 to $20 million, $20 to $40 million, etc.; and product specialty — for example, Commercial and Advertising, Magazine and Periodical, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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Congratulations on partaking of the web offset ratio study program. I'm sure that as you review the wealth of information contained in the book you will find it to be a very rewarding exercise.

Seven years ago PIA formed a special section for non-heatset web offset printers. The activities of the Non-Heatset Web Unit have increased significantly.

We publish the *Non-Heatset Web Offset Directory*, which lists non-heatset web offset printers in the United States and Canada. In conjunction with the Web Offset Section, we publish the *Market Outlook For Web Offset Printers*. A *Waste and Spoilage Report* and a *Product Catalog*, which include both non-heatset and heatset printers, will be available shortly.

Our Graphic Arts Awards Competition for non-heatset printers is held in conjunction with the Annual Meeting. This year's Annual Meeting will be held October 29-31, 1984, at the Fairmont Hotel, Dallas, Texas.

Edward W. Hill, Jr.
Executive Director
Non-Heatset Web Unit

VALUE ADDED DEFINED

Value added is simply your sales less material costs, which include paper, other chargeable materials and outside services. Value added is, therefore, that component of a sale attributable to your own manufacture. It is calculated as follows:

Sales		$100.00
Less Materials:		
Paper	$ 23.03	
Other chargeable materials	5.38	
Outside services	8.03	36.44
Value Added		$ 63.56

Other chargeable materials include ink, film, plates, etc., but not general supplies, such as repair or maintenance parts. Outside services are purchases of job-related services -- composition, offset preparation, printing, bindery, etc.

KNOWN BY OTHER TERMS

Value added is also known by such other terms as inside sales, conversion value, inside manufacturing value and real contribution to overhead and profit. Whatever the term, the concept of value added is of prime importance to the profitability of your operations.

CONCEPTUAL UNDERSTANDING OF VALUE ADDED

Once you observe that value added is the residual of sales less material costs, you realize that this value provided by your own manufacture is all you have available to pay your remaining expenses. These are:

- Factory labor
- Other factory expenses
- Administrative expenses
- Selling expenses
- Interest

Then, what is left is a profit. This is different from the basic "cost sheet concept" that we are accustomed to in the printing industry.

Since, generally, within a relevant range of operations, these expenses behave as fixed costs, the "overhead" represented by these expenses will remain practically constant. Therefore, you want to maximize your value added.

Let us illustrate this with the following example, in which we are increasing the value added derived from $1,000,000 of sales from $635,600 to $675,000 to see the effect on operating income. We will assume that "overhead" (factory labor; other factory, administrative, selling and interest expenses) will remain the same.

The assumption that these expenses will not increase is being taken with some license; actually they would increase, but very little. We are taking this liberty to prove the point that, within this relevant range, these expenses behave in a fixed manner. This helps to understand the effect of value added on profit.

	Original	After Increase in Value Added
SALES	$1,000,000	
Material Costs	364,400	
VALUE ADDED	635,600	$675,000
"Overhead"	591,000	591,000
Operating Income	$ 44,600	$ 84,000

STATEMENT OF OPERATIONS -- VALUE ADDED: THE BETTER STATEMENT

By eliminating the distortion that material costs introduce into the conventional operating statement, value added gives you a truer picture of your operations.

For example, if we were comparing the statement of operations of a short-run, sheet-fed company with that of a web-offset firm, and our comparison was related to percentages based on sales, we could have significant differences in ratios. The reason: the significant differences in material costs. It would appear that the web-offset operation had a lower factory labor cost because a substantial amount of the sale was materials. But, in truth, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

Almost every company's product mix is different and, by using statements of operations based on value added, this product mix difference is eliminated. In conclusion, the Statement of Operations -- Value Added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	41.65	36.11	52.93	40.17
FACTORY EXPENSES	22.48	19.24	21.18	17.02
TOTAL FACTORY COST OF PRODUCT	64.13	55.35	74.11	57.19
GROSS PROFIT	35.87	44.65	25.89	42.81
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	14.99	13.67	13.65	12.65
Selling expenses	9.23	10.50	5.42	10.02
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	24.22	24.17	19.07	22.67
INCOME BEFORE INTEREST EXPENSE	11.65	20.48	6.82	20.14
Interest expense	2.74	1.66	1.87	3.58
OPERATING INCOME	8.91	18.82	4.95	16.56
Other income	1.46	1.84	0.67	0.76
INCOME BEFORE INCOME TAXES	10.37	20.66	5.62	17.32

* See Page 10 for the definition of "Profit Leaders."
** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
X	X	X	X	X	X	X
X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
39.05	32.40	41.95	38.73	42.27	38.30	40.55
22.71	18.65	22.69	21.23	22.16	19.30	22.58
61.76	51.05	64.64	59.96	64.43	57.60	63.13
38.24	48.95	35.36	40.04	35.57	42.40	36.87
18.43	14.21	13.13	12.99	12.34	13.30	9.76
8.89	10.61	10.33	8.56	10.68	14.70	9.30
27.32	24.82	23.46	21.55	23.02	28.00	19.06
10.92	24.13	11.90	18.49	12.55	14.40	17.81
2.87	1.35	2.37	0.83	2.37	0.19	4.65
8.05	22.78	9.53	17.66	10.18	14.21	13.16
1.92	2.79	0.78	0.33	1.80	1.88	1.73
9.97	25.57	10.31	17.99	11.98	16.09	14.89

CHAPTER 1 - BY SIZE OF FIRM

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	3.19%	2.63%	2.15%	2.52%
Direct wages	28.61	24.69	44.99	35.30
General factory salaries and wages	2.47	1.84	0.05	0.12
Packing, shipping and delivery wages	1.31	1.07	0.00	0.00
Payroll taxes	2.62	2.33	3.42	1.46
Employee benefits	3.45	3.55	2.32	0.77
TOTAL FACTORY PAYROLL	41.65	36.11	52.93	40.17
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.49	0.18	0.00	0.00
Depreciation - other	4.73	4.72	3.87	6.81
Taxes - real estate	0.40	0.42	0.11	0.29
Taxes - other	0.27	0.26	0.17	0.18
Insurance	0.79	0.62	0.75	0.50
Building rent	2.01	1.19	2.11	1.91
Utilities - heat, light, etc.	1.90	1.89	1.18	0.99
Equipment rental	1.48	0.51	2.59	0.00
Total Fixed Expenses	12.07	9.79	10.78	10.68
Other Expenses				
Factory supplies and expense	3.16	3.59	1.98	2.75
Packing, shipping and delivery expense	2.79	2.83	2.03	2.06
Repairs and maintenance	2.79	2.15	2.03	1.04
Other factory expenses	1.67	0.88	4.36	0.49
Total Other Expenses	10.41	9.45	10.40	6.34
TOTAL FACTORY EXPENSES	22.48	19.24	21.18	17.02
ADMINISTRATIVE EXPENSES				
Salaries - executive	4.60	4.69	2.73	3.53
Salaries - office	3.49	2.85	4.89	3.42
Payroll taxes	0.48	0.35	0.39	0.14
Employee benefits	0.71	0.72	0.19	0.18
Bad debts	0.88	0.60	1.70	3.24
Office supplies and expenses	0.64	0.42	0.39	0.49
Professional fees	0.91	0.60	0.46	0.60
Taxes - business	0.21	0.13	0.60	0.29
Telephone	0.66	0.61	0.69	0.26
Other administrative expenses	2.41	2.70	1.61	0.50
TOTAL ADMINISTRATIVE EXPENSES	14.99	13.67	13.65	12.65
SELLING EXPENSES				
Salaries - executive	1.87	2.62	2.82	7.08
Salaries and commissions - salesmen	3.59	4.07	0.79	0.00
Salaries - sales office clerical	0.67	0.72	0.00	0.00
Payroll taxes	0.27	0.26	0.00	0.00
Employee benefits	0.42	0.54	0.00	0.00
Advertising	0.39	0.56	1.12	2.25
Travel and entertainment	0.95	0.71	0.28	0.54
Other selling expenses	1.07	1.02	0.41	0.15
TOTAL SELLING EXPENSES	9.23	10.50	5.42	10.02

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
3.53%	2.17%	3.40%	2.24%	3.09%	4.83%	2.14%
26.44	22.08	27.24	24.76	28.38	24.21	26.60
2.43	1.13	2.67	3.23	2.84	2.13	3.94
1.40	1.19	1.27	1.02	1.53	1.46	2.05
2.66	2.37	2.57	2.66	2.48	2.32	1.99
2.59	3.46	4.80	4.82	3.95	3.35	3.83
39.05	32.40	41.95	38.73	42.27	38.30	40.55
0.65	0.04	0.51	0.34	0.25	0.17	0.46
4.96	3.69	4.12	5.94	5.29	3.50	5.55
0.37	0.34	0.52	0.40	0.51	0.64	0.34
0.22	0.14	0.33	0.38	0.32	0.18	0.40
1.05	0.69	0.78	0.80	0.39	0.44	0.23
2.60	1.17	1.47	0.18	2.14	2.42	0.63
1.85	1.81	1.99	2.25	2.29	2.11	2.07
1.18	0.57	2.48	0.29	0.47	0.98	0.20
12.88	8.45	12.20	10.58	11.66	10.44	9.88
2.87	3.68	3.52	4.50	3.17	2.25	4.59
2.52	3.15	3.19	2.48	2.95	4.04	3.37
2.79	2.44	2.66	2.33	2.95	2.32	3.76
1.65	0.93	1.12	1.34	1.43	0.25	0.98
9.83	10.20	10.49	10.65	10.50	8.86	12.70
22.71	18.65	22.69	21.23	22.16	19.30	22.58
6.25	5.50	4.28	5.28	2.38	2.58	2.72
3.83	2.50	3.09	2.73	3.30	3.11	1.99
0.71	0.43	0.38	0.37	0.18	0.26	0.26
0.92	0.81	0.60	0.62	0.62	0.75	0.69
0.92	0.24	0.66	0.23	1.20	0.15	0.14
0.73	0.50	0.53	0.19	0.81	0.53	0.55
1.24	0.85	0.76	0.35	0.57	0.52	0.75
0.25	0.16	0.08	0.04	0.13	0.11	0.19
0.80	0.74	0.58	0.54	0.57	0.71	0.41
2.78	2.48	2.17	2.64	2.58	4.58	2.06
18.43	14.21	13.13	12.99	12.34	13.30	9.76
1.43	0.68	2.28	3.31	2.13	3.36	1.40
3.77	5.21	3.81	2.13	4.61	7.91	3.39
0.51	0.94	0.79	0.66	1.37	0.74	0.68
0.29	0.30	0.36	0.30	0.20	0.31	0.31
0.42	0.79	0.48	0.38	0.53	0.63	0.55
0.41	0.46	0.23	0.16	0.25	0.22	0.25
0.89	1.37	1.50	0.16	0.60	0.37	0.78
1.17	0.86	0.88	1.46	0.99	1.16	1.94
8.89	10.61	10.33	8.56	10.68	14.70	9.30

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $1.5	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	36.36	36.43	27.47	26.25
Other chargeable materials	5.82	4.73	3.44	3.37
Outside services	4.73	3.52	7.17	5.88
TOTAL MATERIALS	46.91	44.68	38.08	35.50
FACTORY PAYROLL	22.33	20.03	32.81	26.01
FACTORY EXPENSES	11.68	10.59	12.74	10.84
TOTAL FACTORY COST OF PRODUCT	80.92	75.30	83.63	72.35
GROSS PROFIT	19.08	24.70	16.37	27.65
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	8.03	7.64	8.64	8.62
Selling expenses	5.05	6.08	3.17	5.85
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	13.08	13.72	11.81	14.47
INCOME BEFORE INTEREST EXPENSE	6.00	10.98	4.56	13.18
Interest expense	1.41	0.91	1.19	2.30
OPERATING INCOME	4.59	10.07	3.37	10.88
Other income	0.77	1.06	0.41	0.44
INCOME BEFORE INCOME TAXES	5.36	11.13	3.78	11.32

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	2.33%	1.79%	1.21%	0.61%
Film	0.71	0.53	0.66	0.00
Plates	0.76	0.84	0.69	1.47
Other chargeable materials	2.02	1.57	0.88	1.29
TOTAL OTHER CHARGEABLE MATERIALS	5.82	4.73	3.44	3.37
OUTSIDE SERVICES				
Composition	0.20	0.34	0.00	0.00
Offset preparation	0.14	0.18	0.00	0.00
Printing	2.44	0.85	3.04	0.00
Binding	0.70	0.35	0.91	1.29
Other outside services	1.25	1.80	3.22	4.59
TOTAL OUTSIDE SERVICES	4.73	3.52	7.17	5.88

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
36.35	38.79	36.18	38.86	35.48	31.31	47.08
5.63	3.50	6.42	6.88	6.48	6.00	6.31
3.73	3.00	6.28	2.79	3.21	3.09	4.39
45.71	45.29	48.88	48.53	45.17	40.40	57.78
21.43	17.75	21.48	19.68	23.10	22.97	17.46
11.99	10.13	11.43	11.07	12.04	11.48	9.43
79.13	73.17	81.79	79.28	80.31	74.85	84.67
20.87	26.83	18.21	20.72	19.69	25.15	15.33
9.93	7.60	6.69	6.69	7.03	8.51	4.05
5.27	6.57	5.41	4.53	5.91	8.51	3.68
15.20	14.17	12.10	11.22	12.94	17.02	7.73
5.67	12.66	6.11	9.50	6.75	8.13	7.60
1.49	0.79	1.27	0.43	1.21	0.12	1.98
4.18	11.87	4.84	9.07	5.54	8.01	5.62
1.01	1.62	0.41	0.16	1.08	1.32	0.69
5.19	13.49	5.25	9.23	6.62	9.33	6.31
1.91%	1.82%	2.06%	1.88%	3.04%	1.89%	4.51%
0.90	0.62	0.59	0.20	0.87	1.15	0.34
0.78	0.67	0.50	0.24	1.26	1.74	0.82
2.04	0.39	3.27	4.56	1.31	1.22	0.64
5.63	3.50	6.42	6.88	6.48	6.00	6.31
0.40	0.69	0.23	1.19	0.02	0.00	0.00
0.26	0.37	0.04	0.00	0.10	0.00	0.56
2.34	1.78	4.45	1.23	0.41	0.00	0.00
0.27	0.02	1.04	0.37	0.51	0.00	3.83
0.46	0.14	0.52	0.00	2.17	3.09	0.00
3.73	3.00	6.28	2.79	3.21	3.09	4.39

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.76%	1.53%	1.35%	1.46%
Direct wages	15.32	13.70	27.84	23.02
General factory salaries and wages	1.30	1.00	0.03	0.07
Packing, shipping and delivery wages	0.69	0.59	0.00	0.00
Payroll taxes	1.39	1.24	2.09	0.93
Employee benefits	1.87	1.97	1.50	0.53
TOTAL FACTORY PAYROLL	22.33	20.03	32.81	26.01
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.23	0.09	0.00	0.00
Depreciation - other	2.47	2.64	2.58	4.57
Taxes - real estate	0.21	0.22	0.08	0.20
Taxes - other	0.15	0.14	0.11	0.10
Insurance	0.42	0.34	0.46	0.33
Building rent	1.06	0.68	1.21	1.14
Utilities - heat, light, etc.	1.00	1.02	0.71	0.61
Equipment rental	0.71	0.27	1.41	0.00
Total Fixed Expenses	6.25	5.40	6.56	6.95
Other Expenses				
Factory supplies and expense	1.66	1.99	1.16	1.61
Packing, shipping and delivery expense	1.43	1.52	1.19	1.19
Repairs and maintenance	1.43	1.19	1.20	0.74
Other factory expenses	0.91	0.49	2.63	0.35
Total Other Expenses	5.43	5.19	6.18	3.89
TOTAL FACTORY EXPENSES	11.68	10.59	12.74	10.84
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.44	2.51	1.78	2.50
Salaries - office	1.91	1.64	3.06	2.25
Payroll taxes	0.25	0.19	0.24	0.10
Employee benefits	0.37	0.40	0.12	0.13
Bad debts	0.46	0.39	1.16	2.26
Office supplies and expenses	0.34	0.23	0.23	0.30
Professional fees	0.47	0.32	0.29	0.40
Taxes - business	0.12	0.07	0.39	0.20
Telephone	0.35	0.33	0.42	0.19
Other administrative expenses	1.32	1.56	0.95	0.29
TOTAL ADMINISTRATIVE EXPENSES	8.03	7.64	8.64	8.62
SELLING EXPENSES				
Salaries - executive	1.05	1.54	1.64	4.10
Salaries and commissions - salesmen	1.96	2.36	0.47	0.00
Salaries - sales office clerical	0.36	0.41	0.00	0.00
Payroll taxes	0.15	0.14	0.00	0.00
Employee benefits	0.24	0.32	0.00	0.00
Advertising	0.22	0.33	0.67	1.35
Travel and entertainment	0.51	0.42	0.16	0.31
Other selling expenses	0.56	0.56	0.23	0.09
TOTAL SELLING EXPENSES	5.05	6.08	3.17	5.85

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
2.07%	1.32%	1.71%	1.08%	1.84%	3.05%	0.79%
14.27	11.90	13.99	12.61	15.24	14.10	11.72
1.40	0.69	1.34	1.61	1.56	1.31	1.62
0.81	0.68	0.63	0.51	0.85	0.92	0.74
1.44	1.26	1.29	1.35	1.34	1.34	0.85
1.44	1.90	2.52	2.52	2.27	2.25	1.74
21.43	17.75	21.48	19.68	23.10	22.97	17.46
0.31	0.03	0.25	0.17	0.13	0.11	0.21
2.58	1.95	2.17	3.14	2.83	2.03	2.31
0.20	0.19	0.27	0.21	0.25	0.31	0.15
0.13	0.08	0.18	0.20	0.18	0.14	0.16
0.55	0.35	0.39	0.42	0.23	0.29	0.09
1.38	0.68	0.74	0.10	1.16	1.36	0.24
0.98	0.97	1.01	1.14	1.26	1.27	0.91
0.54	0.29	1.14	0.12	0.29	0.62	0.09
6.67	4.54	6.15	5.50	6.33	6.13	4.16
1.54	1.94	1.80	2.43	1.83	1.66	1.96
1.39	1.77	1.59	1.31	1.49	2.02	1.34
1.47	1.32	1.31	1.12	1.65	1.52	1.59
0.92	0.56	0.58	0.71	0.74	0.15	0.38
5.32	5.59	5.28	5.57	5.71	5.35	5.27
11.99	10.13	11.43	11.07	12.04	11.48	9.43
3.33	2.80	2.15	2.69	1.31	1.55	1.16
2.10	1.41	1.61	1.44	1.89	2.03	0.83
0.37	0.23	0.19	0.19	0.11	0.17	0.11
0.49	0.45	0.31	0.31	0.38	0.52	0.30
0.45	0.15	0.34	0.12	0.59	0.07	0.04
0.40	0.26	0.27	0.09	0.43	0.32	0.22
0.66	0.42	0.37	0.17	0.32	0.33	0.30
0.14	0.08	0.04	0.02	0.07	0.07	0.08
0.44	0.39	0.29	0.27	0.31	0.41	0.18
1.55	1.41	1.12	1.39	1.62	3.04	0.83
9.93	7.60	6.69	6.69	7.03	8.51	4.05
0.86	0.42	1.21	1.81	1.28	2.16	0.54
2.26	3.23	2.00	1.06	2.52	4.42	1.37
0.32	0.60	0.41	0.35	0.71	0.37	0.26
0.17	0.18	0.19	0.15	0.11	0.17	0.12
0.25	0.49	0.26	0.20	0.31	0.40	0.22
0.24	0.29	0.12	0.09	0.13	0.12	0.10
0.52	0.82	0.74	0.07	0.34	0.27	0.32
0.65	0.54	0.48	0.80	0.51	0.60	0.75
5.27	6.57	5.41	4.53	5.91	8.51	3.68

CHAPTER 1 - BY SIZE OF FIRM

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	8.37%	14.90%	7.52%	1.34%
Receivables	30.39	29.44	37.98	37.59
Inventories	17.32	15.67	11.28	8.89
Other current assets	3.88	4.25	6.08	3.28
TOTAL CURRENT ASSETS	59.96	64.26	62.86	51.10
FIXED ASSETS				
Real estate	9.32	7.21	8.20	8.50
Less: Accumulated depreciation	2.39	2.78	1.95	2.62
	6.93	4.43	6.25	5.88
Machinery and equipment	55.91	54.92	48.33	60.52
Less: Accumulated depreciation	29.59	29.81	26.56	25.02
	26.32	25.11	21.77	35.50
Other fixed assets	6.21	5.12	12.13	3.53
Less: Accumulated depreciation	3.72	2.96	7.72	2.14
	2.49	2.16	4.41	1.39
NET FIXED ASSETS	35.74	31.70	32.43	42.77
OTHER ASSETS	4.30	4.04	4.71	6.13
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	7.73	4.67	6.80	8.76
Accounts payable	16.28	15.51	17.38	11.48
Other current liabilities	8.88	10.68	8.68	13.99
TOTAL CURRENT LIABILITIES	32.89	30.86	32.86	34.23
LONG-TERM LIABILITIES	24.82	14.09	25.25	34.12
TOTAL LIABILITIES	57.71	44.95	58.11	68.35
SHAREHOLDERS' AND PROPRIETORS' EQUITY	42.29	55.05	41.89	31.65
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.82	2.08	1.91	1.49
QUICK RATIO	1.30	1.57	1.57	1.23
TOTAL LIABILITIES TO EQUITY	1.36	0.82	1.39	2.16
LONG-TERM LIABILITIES TO EQUITY	0.59	0.26	0.60	1.08
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.53	0.54	0.55	0.41

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
13.07%	20.50%	3.07%	11.36%	9.51%	21.61%	1.95%
27.47	30.32	31.87	22.31	33.33	38.85	27.44
17.90	16.45	19.89	21.32	18.19	15.17	11.83
4.05	8.02	4.51	2.79	2.47	0.67	1.08
62.49	75.29	59.34	57.78	63.50	76.30	42.30
7.60	3.45	12.09	12.13	6.85	6.74	13.46
1.90	1.65	3.36	4.29	2.35	3.62	2.22
5.70	1.80	8.73	7.84	4.50	3.12	11.24
62.24	50.32	49.44	63.05	57.47	48.13	51.63
34.93	31.36	24.60	32.50	32.70	32.43	18.72
27.31	18.96	24.84	30.55	24.77	15.70	32.91
7.33	7.19	3.75	4.51	7.00	4.01	1.44
4.84	4.43	1.59	2.06	3.92	2.46	0.62
2.49	2.76	2.16	2.45	3.08	1.55	0.82
35.50	23.52	35.73	40.84	32.35	20.37	44.97
2.01	1.19	4.93	1.38	4.15	3.33	12.73
100.00	100.00	100.00	100.00	100.00	100.00	100.00
9.58	5.17	5.70	1.89	7.35	5.27	6.77
15.57	20.07	18.09	15.89	13.89	12.48	16.24
9.66	14.78	8.72	4.96	9.55	10.90	5.08
34.81	40.02	32.51	22.74	30.79	28.65	28.09
25.84	8.04	22.09	6.93	18.49	3.48	36.80
60.65	48.06	54.60	29.67	49.28	32.13	64.89
39.35	51.94	45.40	70.33	50.72	67.87	35.11
100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.80	1.88	1.83	2.54	2.06	2.66	1.51
1.28	1.47	1.21	1.60	1.47	2.13	1.08
1.54	0.93	1.20	0.42	0.97	0.47	1.85
0.66	0.15	0.49	0.10	0.36	0.05	1.05
0.56	0.62	0.50	0.52	0.57	0.67	0.36

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 40,610	$ 47,963	$ 29,222	$ 44,658
Average assets per factory employee (Excluding Executives)	59,094	76,932	73,195	148,105
Average net worth per employee - All employees	16,377	22,679	12,838	15,091
Average gross plant investment per factory employee (Excluding Executives)	41,665	49,988	42,015	81,732
Net worth percentage of fixed assets	185.04%	248.12%	370.11%	74.39%
EMPLOYEES				
Percent factory - All employees	78.40%	76.14%	77.70%	64.20%
Percent administrative - All employees	12.74	11.51	11.65	10.80
Percent sales - All employees	8.86	12.35	10.65	25.00
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 81,655	$ 88,102	$ 64,445	$ 87,676
Sales per factory employee	109,220	126,602	117,385	209,381
Sales less material per factory employee	56,247	68,578	69,981	123,703
Sales per administrative employee	771,910	823,025	595,930	748,178
EXCLUDING EXECUTIVES				
Sales per employee - All employees	94,057	110,170	113,950	208,185
Sales per factory employee	118,355	143,554	157,205	305,498
Sales less material per factory employee	61,302	78,408	93,198	179,468
SALES PER SALESMAN	823,330	729,320	221,613	263,499
SALES TO CURRENT ASSETS	412%	359%	429%	350%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	31.06%	29.53%	40.11%	35.09%
Factory payroll percentage of gross plant investment	142.73	74.63	843.24	69.21
Payroll per employee - All employees	$ 23,717	$ 24,489	$ 24,155	$ 29,203
Payroll per factory employee	22,344	23,833	32,054	48,339
Payroll per administrative employee	30,821	35,692	20,767	23,562
Payroll per sales employee	31,176	39,405	8,959	11,837
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 18,636	$ 20,090	$ 27,814	$ 43,461
Payroll per factory employee	18,729	21,105	33,871	58,014
Payroll per administrative employee	15,858	16,473	15,890	15,833
Payroll per sales employee	20,997	26,293	4,224	0
EXECUTIVE PAYROLL				
Payroll per executive - All executives	47,705	56,874	37,706	47,299
Payroll per factory executive	30,490	22,435	13,639	16,859
Payroll per administrative executive	56,973	66,155	25,674	34,457
Payroll per sales executive	39,008	48,541	4,735	11,837
RECEIVABLES				
Collection period	51.2	54.4	61.0	83.8
PROFIT				
Gross profit percentage of sales	19.08%	24.70%	16.37%	27.65%
Average gross profit per factory employee	$ 23,503	$ 35,622	$ 33,783	$ 75,781
Income before taxes percentage of sales	5.36%	11.13%	3.78%	11.32%
Average income before taxes per employee	$ 4,885	$ 9,988	$ 3,769	$ 8,455

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 33,865	$ 36,269	$ 35,391	$ 33,183	$ 41,580	$ 40,930	$ 97,327
49,764	52,471	47,057	43,068	56,569	61,742	127,553
13,733	19,058	15,520	23,194	20,311	27,554	29,139
39,809	32,287	30,698	34,763	40,412	40,118	84,515
160.74%	321.02%	178.76%	178.29%	217.03%	381.54%	85.80%
75.43%	76.21%	81.18%	81.42%	80.56%	76.00%	81.44%
16.02	11.72	10.78	12.38	9.61	9.26	9.00
8.55	12.07	8.04	6.20	9.83	14.74	9.56
$ 76,579	$ 92,029	$ 80,080	$ 78,018	$ 77,416	$ 74,903	$ 132,868
103,107	119,675	100,431	97,089	99,313	105,324	169,412
54,094	64,041	51,185	50,036	54,317	61,945	70,299
521,428	788,630	813,245	770,048	1,039,524	963,084	1,601,447
86,898	100,854	86,953	84,160	83,071	83,624	143,783
109,250	125,252	105,349	100,495	104,922	115,441	179,215
57,725	67,487	53,710	51,649	57,549	67,927	73,889
437,380	310,209	964,911	792,000	1,465,447	1,129,082	842,728
427%	341%	421%	432%	335%	255%	406%
31.58%	27.57%	29.82%	27.90%	31.72%	34.76%	22.39%
68.15	84.88	88.37	66.00	75.48	89.28	42.51
$ 22,333	$ 22,982	$ 23,464	$ 21,562	$ 24,568	$ 26,227	$ 29,211
20,397	19,524	20,572	18,518	22,046	22,314	27,321
30,598	40,957	32,908	32,347	32,195	33,333	33,711
18,138	22,733	43,830	51,693	54,696	74,989	42,480
$ 16,827	$ 16,253	$ 16,957	$ 14,589	$ 18,852	$ 19,241	$ 22,516
16,786	15,370	16,006	14,446	17,636	17,150	22,224
15,032	16,983	15,681	12,061	18,838	20,298	15,984
12,502	18,250	25,896	30,182	40,830	53,253	34,382
41,438	51,244	54,542	67,394	53,817	52,900	57,469
26,671	18,888	32,298	11,172	43,333	38,670	41,501
46,546	59,968	74,036	87,107	69,173	65,252	67,968
21,599	15,173	51,550	58,195	90,321	124,077	43,899
44.2	49.7	50.3	35.9	63.2	73.0	59.9
20.87%	26.83%	18.21%	20.72%	19.69%	25.15%	15.33%
$ 22,799	$ 34,112	$ 20,341	$ 21,104	$ 21,708	$ 30,333	$ 28,460
5.19%	13.49%	5.25%	9.23%	6.62%	9.33%	6.31%
$ 4,705	$ 13,230	$ 4,321	$ 7,128	$ 5,127	$ 7,016	$ 8,178

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 4.14	$ 7.45	$ 3.84	$ 0.90
Receivables	13.54	14.35	15.89	21.00
Inventories	7.54	7.65	3.97	4.87
Marketable securities	0.67	0.69	0.00	0.00
Other current assets	1.25	0.94	2.90	1.82
	27.14	31.08	26.60	28.59
Plant Investment:				
Land and building	4.80	4.08	4.25	5.74
Machinery and equipment	27.42	29.78	25.42	35.66
Other fixed assets	3.02	2.48	5.37	2.34
	35.24	36.34	35.04	43.74
Non-Current Assets	2.69	3.96	2.67	4.14
TOTAL INVESTMENT	65.07	71.38	64.31	76.47
INVESTMENT TURNOVER PER $100 OF SALES	153.68%	140.10%	155.50%	130.77%
EARNINGS				
Cost of Product	$80.92	$75.30	$83.63	$72.35
Selling Expenses	5.05	6.08	3.17	5.85
Administrative Expenses	8.03	7.64	8.64	8.62
	94.00	89.02	95.44	86.82
Income Before Interest, Other Income, and Taxes	6.00	10.98	4.56	13.18
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	9.22%	15.38%	7.09%	17.24%

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 5.97	$ 9.46	$ 1.62	$ 4.74	$ 5.57	$12.77	$ 1.52
11.68	13.13	13.31	9.61	16.64	19.68	16.21
7.64	7.84	8.24	9.34	8.81	7.80	6.80
0.68	1.84	1.42	0.00	0.00	0.00	0.00
0.98	1.04	1.07	0.92	1.81	0.36	0.55
26.95	33.31	25.66	24.61	32.83	40.61	25.08
3.86	1.64	5.73	4.91	3.30	3.87	8.93
27.84	21.21	22.38	28.72	30.49	26.56	38.34
3.59	3.01	1.80	1.95	3.48	2.22	1.06
35.29	25.86	29.91	35.58	37.27	32.65	48.33
1.03	0.61	2.12	0.62	2.54	2.36	12.24
63.27	59.78	57.69	60.81	72.64	75.62	85.65
158.05%	167.28%	173.34%	164.45%	137.67%	132.24%	116.75%
$79.13	$73.17	$81.79	$79.28	$80.31	$74.85	$84.67
5.27	6.57	5.41	4.53	5.91	8.51	3.68
9.93	7.60	6.69	6.69	7.03	8.51	4.05
94.33	87.34	93.89	90.50	93.25	91.87	92.40
5.67	12.66	6.11	9.50	6.75	8.13	7.60
8.96%	21.18%	10.59%	15.62%	9.29%	10.75%	8.87%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	42.89	41.74	46.19
FACTORY EXPENSES	24.35	19.82	25.52
TOTAL FACTORY COST OF PRODUCT	67.24	61.56	71.71
GROSS PROFIT	32.76	38.44	28.29
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	14.52	14.03	10.56
Selling expenses	6.29	7.24	6.59
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	20.81	21.27	17.15
INCOME BEFORE INTEREST EXPENSE	11.95	17.17	11.14
Interest expense	2.62	0.56	0.86
OPERATING INCOME	9.33	16.61	10.28
Other income	1.29	1.96	1.43
INCOME BEFORE INCOME TAXES	10.62	18.57	11.71

** Sample insufficient for Profit Leaders.

NEWSPAPER		DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
46.19	34.77	42.70	37.25	34.17
20.96	16.59	20.44	21.58	19.96
67.15	51.36	63.14	58.83	54.13
32.85	48.64	36.86	41.17	45.87
17.62	16.31	15.32	14.91	12.17
2.74	1.59	6.09	15.11	16.04
20.36	17.90	21.41	30.02	28.21
12.49	30.74	15.45	11.15	17.66
2.74	1.40	4.97	2.70	1.59
9.75	29.34	10.48	8.45	16.07
1.89	0.48	0.64	1.61	2.00
11.64	29.82	11.12	10.06	18.07

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	3.48%	4.16%	2.09%
Direct wages	30.64	27.05	30.74
General factory salaries and wages	1.36	2.22	4.86
Packing, shipping and delivery wages	1.20	1.58	0.55
Payroll taxes	2.85	2.88	2.75
Employee benefits	3.36	3.85	5.20
TOTAL FACTORY PAYROLL	42.89	41.74	46.19
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.75	0.16	0.10
Depreciation - other	4.64	3.31	4.20
Taxes - real estate	0.33	0.11	0.24
Taxes - other	0.22	0.19	0.61
Insurance	1.14	0.74	0.45
Building rent	2.11	1.34	1.32
Utilities - heat, light, etc.	1.97	2.23	2.23
Equipment rental	3.00	1.05	2.53
Total Fixed Expenses	14.16	9.13	11.68
Other Expenses			
Factory supplies and expense	2.53	2.34	4.07
Packing, shipping and delivery expense	3.31	4.00	4.04
Repairs and maintenance	3.18	3.88	3.80
Other factory expenses	1.17	0.47	1.93
Total Other Expenses	10.19	10.69	13.84
TOTAL FACTORY EXPENSES	24.35	19.82	25.52
ADMINISTRATIVE EXPENSES			
Salaries - executive	4.01	3.38	4.18
Salaries - office	3.40	2.93	2.47
Payroll taxes	0.54	0.37	0.38
Employee benefits	0.69	0.97	0.85
Bad debts	0.91	(0.05)	0.75
Office supplies and expenses	0.83	0.70	0.38
Professional fees	1.12	0.78	0.43
Taxes - business	0.30	0.30	0.01
Telephone	0.65	0.79	0.45
Other administrative expenses	2.07	3.86	0.66
TOTAL ADMINISTRATIVE EXPENSES	14.52	14.03	10.56
SELLING EXPENSES			
Salaries - executive	1.08	1.81	2.06
Salaries and commissions - salesmen	2.52	3.65	1.19
Salaries - sales office clerical	0.24	0.00	1.11
Payroll taxes	0.17	0.24	0.18
Employee benefits	0.18	0.39	0.66
Advertising	0.29	0.06	0.20
Travel and entertainment	1.17	0.78	0.68
Other selling expenses	0.64	0.31	0.51
TOTAL SELLING EXPENSES	6.29	7.24	6.59

** Sample insufficient for Profit Leaders.

NEWSPAPER		DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
1.29%	0.00%	2.29%	4.07%	3.11%
35.38	30.24	28.20	23.28	21.98
1.84	0.00	2.97	3.00	2.18
1.24	0.00	3.20	1.24	1.16
2.64	2.20	3.17	2.50	2.08
3.80	2.33	2.87	3.16	3.66
46.19	34.77	42.70	37.25	34.17
0.53	0.00	0.60	0.27	0.19
5.16	5.76	4.79	4.82	4.95
0.42	0.44	0.30	0.40	0.55
0.15	0.15	0.74	0.24	0.25
0.73	0.69	0.41	0.61	0.57
1.48	0.95	0.77	2.29	1.32
1.59	1.48	1.96	1.99	1.85
0.38	0.86	0.48	0.72	0.09
10.44	10.33	10.05	11.34	9.77
4.20	4.13	5.47	2.91	3.81
1.02	0.44	0.91	3.42	3.47
2.37	1.20	2.45	2.48	1.74
2.93	0.49	1.56	1.43	1.17
10.52	6.26	10.39	10.24	10.19
20.96	16.59	20.44	21.58	19.96
5.91	8.14	4.48	4.67	3.89
3.45	2.57	3.42	3.72	2.83
0.55	0.37	0.42	0.46	0.31
0.61	0.23	0.58	0.74	0.67
1.66	1.94	1.90	0.40	0.46
0.75	0.34	0.57	0.47	0.32
1.16	1.13	1.01	0.67	0.34
0.26	0.19	0.05	0.17	0.02
0.74	0.67	0.46	0.72	0.51
2.53	0.73	2.43	2.89	2.82
17.62	16.31	15.32	14.91	12.17
0.54	0.00	1.34	3.34	4.29
1.10	0.74	2.09	5.80	5.82
0.01	0.00	0.47	1.26	1.32
0.06	0.07	0.17	0.50	0.35
0.08	0.06	0.17	0.76	0.80
0.16	0.25	0.20	0.63	0.95
0.27	0.36	0.42	1.11	0.86
0.52	0.11	1.23	1.71	1.65
2.74	1.59	6.09	15.11	16.04

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIAL			
Paper	37.05	34.38	39.96
Other chargeable materials	7.14	6.80	5.04
Outside services	5.92	3.77	4.81
TOTAL MATERIAL	50.11	44.95	49.81
FACTORY PAYROLL	21.76	22.77	23.34
FACTORY EXPENSES	11.73	10.89	12.70
TOTAL FACTORY COST OF PRODUCT	83.60	78.61	85.85
GROSS PROFIT	16.40	21.39	14.15
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	7.20	8.12	5.17
Selling expenses	3.27	4.42	3.41
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	10.47	12.54	8.58
INCOME BEFORE INTEREST EXPENSE	5.93	8.85	5.57
Interest expense	1.21	0.28	0.42
OPERATING INCOME	4.72	8.57	5.15
Other income	0.66	1.23	0.72
INCOME BEFORE INCOME TAXES	5.38	9.80	5.87

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	3.43%	2.97%	2.95%
Film	0.72	0.66	0.41
Plates	0.82	0.96	1.25
Other chargeable materials	2.17	2.21	0.43
TOTAL OTHER CHARGEABLE MATERIALS	7.14	6.80	5.04
OUTSIDE SERVICES			
Composition	0.48	0.80	0.00
Offset preparation	0.12	0.00	0.00
Printing	1.54	0.00	0.00
Binding	1.51	0.00	1.00
Other outside services	2.27	2.97	3.81
TOTAL OUTSIDE SERVICES	5.92	3.77	4.81

** Sample insufficient for Profit Leaders.

NEWSPAPER		DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%
37.96	38.01	40.10	34.60	35.38
4.90	3.87	3.91	5.26	4.30
4.26	3.57	4.12	3.74	3.05
47.12	45.45	48.13	43.60	42.73
25.01	19.62	22.55	21.11	19.53
10.89	8.89	10.53	12.04	11.37
83.02	73.96	81.21	76.75	73.63
16.98	26.04	18.79	23.25	26.37
9.59	9.14	8.00	8.50	6.91
1.42	0.81	3.11	8.49	9.33
11.01	9.95	11.11	16.99	16.24
5.97	16.09	7.68	6.26	10.13
1.43	0.94	2.50	1.52	0.93
4.54	15.15	5.18	4.74	9.20
1.01	0.23	0.04	0.91	1.19
5.55	15.38	5.22	5.65	10.39
2.66%	1.47%	2.46%	0.86%	1.04%
1.42	0.72	0.46	0.52	0.57
0.75	1.68	0.71	0.63	0.69
0.07	0.00	0.28	3.25	2.00
4.90	3.87	3.91	5.26	4.30
0.25	0.86	0.07	0.11	0.10
0.03	0.11	0.37	0.13	0.21
2.83	0.00	1.60	2.37	1.11
0.86	2.53	1.63	0.11	0.02
0.29	0.07	0.45	1.02	1.61
4.26	3.57	4.12	3.74	3.05

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.86%	2.47%	1.05%
Direct wages	15.42	14.40	15.50
General factory salaries and wages	0.65	1.21	2.45
Packing, shipping and delivery wages	0.61	0.90	0.29
Payroll taxes	1.44	1.51	1.39
Employee benefits	1.78	2.28	2.66
TOTAL FACTORY PAYROLL	21.76	22.77	23.34
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.31	0.09	0.05
Depreciation - other	2.22	1.78	2.19
Taxes - real estate	0.15	0.05	0.12
Taxes - other	0.13	0.13	0.32
Insurance	0.57	0.41	0.22
Building rent	0.99	0.79	0.62
Utilities - heat, light, etc.	0.97	1.22	1.15
Equipment rental	1.39	0.60	1.19
Total Fixed Expenses	6.73	5.07	5.86
Other Expenses			
Factory supplies and expense	1.27	1.54	2.09
Packing, shipping and delivery expense	1.61	1.94	1.92
Repairs and maintenance	1.54	2.10	1.89
Other factory expenses	0.58	0.24	0.94
Total Other Expenses	5.00	5.82	6.84
TOTAL FACTORY EXPENSES	11.73	10.89	12.70
ADMINISTRATIVE EXPENSES			
Salaries - executive	1.89	1.77	2.03
Salaries - office	1.74	1.78	1.21
Payroll taxes	0.26	0.21	0.18
Employee benefits	0.33	0.58	0.42
Bad debts	0.41	(0.03)	0.38
Office supplies and expenses	0.42	0.37	0.18
Professional fees	0.55	0.42	0.21
Taxes - business	0.17	0.15	0.00
Telephone	0.33	0.42	0.22
Other administrative expenses	1.10	2.45	0.34
TOTAL ADMINISTRATIVE EXPENSES	7.20	8.12	5.17
SELLING EXPENSES			
Salaries - executive	0.62	1.26	1.02
Salaries and commissions - salesmen	1.31	2.14	0.64
Salaries - sales office clerical	0.12	0.00	0.58
Payroll taxes	0.08	0.12	0.09
Employee benefits	0.10	0.26	0.35
Advertising	0.16	0.04	0.10
Travel and entertainment	0.57	0.43	0.36
Other selling expenses	0.31	0.17	0.27
TOTAL SELLING EXPENSES	3.27	4.42	3.41

** Sample insufficient for Profit Leaders.

NEWSPAPER		DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
0.60%	0.00%	1.39%	2.33%	1.80%
19.51	17.31	14.88	13.23	12.58
0.88	0.00	1.48	1.67	1.23
0.54	0.00	1.77	0.69	0.66
1.39	1.13	1.67	1.41	1.18
2.09	1.18	1.36	1.78	2.08
25.01	19.62	22.55	21.11	19.53
0.28	0.00	0.27	0.16	0.10
2.72	3.39	2.45	2.71	2.78
0.23	0.25	0.13	0.22	0.30
0.07	0.07	0.38	0.13	0.14
0.39	0.37	0.22	0.34	0.32
0.78	0.49	0.46	1.30	0.78
0.79	0.73	1.01	1.11	1.04
0.18	0.40	0.27	0.40	0.06
5.44	5.70	5.19	6.37	5.52
2.11	1.96	2.81	1.63	2.19
0.49	0.20	0.50	1.85	1.99
1.16	0.72	1.22	1.39	0.99
1.69	0.31	0.81	0.80	0.68
5.45	3.19	5.34	5.67	5.85
10.89	8.89	10.53	12.04	11.37
3.20	4.28	2.28	2.66	2.18
1.93	1.53	1.85	2.15	1.63
0.29	0.20	0.23	0.26	0.18
0.33	0.14	0.27	0.42	0.38
1.01	1.38	0.91	0.23	0.26
0.37	0.18	0.31	0.27	0.18
0.58	0.59	0.59	0.38	0.19
0.15	0.14	0.02	0.10	0.01
0.40	0.35	0.24	0.40	0.29
1.33	0.35	1.30	1.63	1.01
9.59	9.14	8.00	8.50	6.91
0.29	0.00	0.81	1.87	2.42
0.57	0.36	1.02	3.29	3.41
0.00	0.00	0.21	0.71	0.77
0.03	0.03	0.09	0.28	0.20
0.04	0.03	0.08	0.43	0.48
0.09	0.17	0.09	0.36	0.56
0.13	0.17	0.22	0.64	0.55
0.27	0.05	0.59	0.91	0.94
1.42	0.81	3.11	8.49	9.33

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	9.56%	20.88%	(11.46)%
Receivables	31.63	31.59	51.73
Inventories	16.26	13.38	30.19
Other current assets	5.76	8.88	0.25
TOTAL CURRENT ASSETS	63.21	74.73	70.71
FIXED ASSETS			
Real estate	7.64	6.83	3.34
Less: Accumulated depreciation	2.51	3.27	0.63
	5.13	3.56	2.71
Machinery and equipment	51.10	40.44	50.03
Less: Accumulated depreciation	25.72	24.72	25.07
	25.38	15.72	24.96
Other fixed assets	5.45	8.85	2.13
Less: Accumulated depreciation	4.13	5.61	0.86
	1.32	3.24	1.27
NET FIXED ASSETS	31.83	22.52	28.94
OTHER ASSETS	4.96	2.75	0.35
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	7.76	0.83	3.11
Accounts payable	17.48	15.37	24.30
Other current liabilities	10.41	9.83	6.83
TOTAL CURRENT LIABILITIES	35.65	26.03	34.24
LONG-TERM LIABILITIES	23.78	5.29	10.63
TOTAL LIABILITIES	59.43	31.32	44.87
SHAREHOLDERS' AND PROPRIETORS' EQUITY	40.57	68.68	55.13
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.77	2.87	2.07
QUICK RATIO	1.32	2.36	1.18
TOTAL LIABILITIES TO EQUITY	1.46	0.46	0.81
LONG-TERM LIABILITIES TO EQUITY	0.59	0.08	0.19
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.50	0.61	0.50

** Sample insufficient for Profit Leaders.

NEWSPAPER		DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
8.22%	18.10%	6.51%	10.42%	12.27%
26.29	34.90	21.33	29.02	28.97
8.19	8.45	15.36	20.17	21.05
5.62	5.44	2.58	2.23	2.01
48.32	66.89	45.78	61.84	64.30
15.96	5.67	9.90	8.99	7.76
2.34	1.75	1.84	2.71	3.11
13.62	3.92	8.06	6.28	4.65
55.97	58.13	48.02	60.51	60.43
27.93	34.42	16.09	34.27	32.92
28.04	23.71	31.93	26.24	27.51
9.54	3.16	5.36	6.23	4.42
5.11	1.88	4.07	3.21	2.30
4.43	1.28	1.29	3.02	2.12
46.09	28.91	41.28	35.54	34.28
5.59	4.20	12.94	2.62	1.42
100.00	100.00	100.00	100.00	100.00
7.93	4.93	11.08	8.05	6.72
21.76	28.78	10.27	12.91	12.07
8.36	15.49	7.32	8.15	10.43
38.05	49.20	28.67	29.11	29.22
25.91	13.68	47.18	21.00	11.56
63.96	62.88	75.85	50.11	40.78
36.04	37.12	24.15	49.89	59.22
100.00	100.00	100.00	100.00	100.00
1.27	1.36	1.60	2.12	2.20
1.05	1.19	1.06	1.43	1.48
1.77	1.69	3.14	1.00	0.69
0.72	0.37	1.95	0.42	0.20
0.50	0.59	0.34	0.57	0.54

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 36,894	$ 34,947	$ 27,649
Average assets per factory employee (Excluding Executives)	48,687	44,308	32,292
Average net worth per employee - All employees	15,436	23,944	16,169
Average gross plant investment per factory employee (Excluding Executives)	33,160	26,345	20,174
Net worth percentage of fixed assets	194.66%	354.44%	216.26%
EMPLOYEES			
Percent factory - All employees	83.28%	86.10%	87.18%
Percent administrative - All employees	12.55	10.30	8.39
Percent sales - All employees	4.17	3.60	4.43
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 81,422	$ 78,278	$ 84,137
Sales per factory employee	101,013	91,452	96,455
Sales less material per factory employee	48,716	50,658	48,474
Sales per administrative employee	794,582	894,485	1,314,405
EXCLUDING EXECUTIVES			
Sales per employee - All employees	89,586	85,186	89,457
Sales per factory employee	105,413	97,558	99,285
Sales less material per factory employee	51,119	54,274	49,883
SALES PER SALESMAN	1,397,579	1,555,285	469,400
SALES TO CURRENT ASSETS	421%	347%	483%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	29.21%	30.88%	29.86%
Factory payroll percentage of gross plant investment	82.00	105.03	169.33
Payroll per employee - All employees	$ 22,249	$ 23,990	$ 25,255
Payroll per factory employee	20,331	20,610	22,581
Payroll per administrative employee	29,021	33,129	40,642
Payroll per sales employee	34,648	74,709	50,099
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 17,022	$ 17,160	$ 18,559
Payroll per factory employee	16,439	15,867	18,146
Payroll per administrative employee	15,756	16,585	17,798
Payroll per sales employee	24,912	54,609	27,090
EXECUTIVE PAYROLL			
Payroll per executive - All executives	44,125	50,962	58,918
Payroll per factory executive	34,360	34,346	36,676
Payroll per administrative executive	57,313	74,418	78,767
Payroll per sales executive	40,905	92,914	71,347
RECEIVABLES			
Collection period	52.1	53.7	57.1
PROFIT			
Gross profit percentage of sales	16.40%	21.39%	14.15%
Average gross profit per factory employee	$ 17,385	$ 21,384	$ 14,056
Income before taxes percentage of sales	5.38%	9.80%	5.87%
Average income before taxes per employee	$ 4,232	$ 7,714	$ 4,950

** Sample insufficient for Profit Leaders.

NEWSPAPER		DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 43,493	$ 31,225	$ 92,957	$ 37,400	$ 41,124
51,026	35,461	119,975	67,761	85,615
14,547	11,277	20,567	18,238	23,795
38,240	24,590	80,433	48,372	54,680
114.71%	214.48%	63.13%	233.40%	233.94%
86.74%	88.73%	81.40%	69.49%	66.10%
11.28	10.04	12.80	13.99	12.24
1.98	1.23	5.80	16.52	21.66
$ 88,286	$ 96,401	$ 99,969	$ 77,220	$ 82,749
101,400	110,287	124,087	120,843	143,059
49,184	53,148	62,093	66,710	81,944
870,835	882,598	850,489	655,194	746,480
94,973	103,871	107,541	98,328	119,581
103,722	110,287	128,790	139,297	173,714
50,138	53,148	65,010	77,055	99,711
565,292	0	1,236,237	491,615	457,432
490%	410%	398%	371%	328%
31.69%	26.20%	29.40%	33.17%	31.17%
71.88	102.61	66.66	247.38	56.45
$ 23,056	$ 19,944	$ 27,469	$ 24,539	$ 25,680
20,820	15,587	25,677	24,100	28,204
36,689	51,294	35,517	28,899	29,482
24,604	7,549	36,190	28,709	33,791
$ 17,341	$ 13,360	$ 21,168	$ 20,120	$ 23,975
17,239	12,940	21,485	20,870	26,899
17,096	19,629	17,409	15,163	14,684
14,724	6,433	26,686	18,607	19,031
53,613	76,331	65,125	45,665	49,688
15,428	0	53,085	29,207	21,290
56,057	76,331	78,235	53,637	55,780
11,950	0	55,118	42,283	43,508
51.1	60.9	47.0	49.1	53.9
16.98%	26.04%	18.79%	23.25%	26.37%
$ 18,107	$ 28,024	$ 25,040	$ 33,006	$ 45,255
5.55%	15.38%	5.22%	5.65%	10.39%
$ 7,056	$ 15,887	$ 6,213	$ 4,675	$ 8,416

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 4.42	$10.82	$(2.40)
Receivables	13.76	14.35	14.94
Inventories	6.47	5.54	8.93
Marketable securities	0.78	2.16	0.00
Other current assets	1.85	0.93	0.08
	27.28	33.80	21.55
Plant Investment:			
Land and building	3.21	2.90	1.46
Machinery and equipment	23.07	19.45	17.75
Other fixed assets	2.67	3.51	0.93
	28.95	25.86	20.14
Non-Current Assets	2.51	1.84	0.07
TOTAL INVESTMENT	58.74	61.50	41.76
INVESTMENT TURNOVER PER $100 OF SALES	170.24%	162.60%	239.46%
EARNINGS			
Cost of Product	$83.60	$78.61	$85.85
Selling Expenses	3.27	4.42	3.41
Administrative Expenses	7.20	8.12	5.17
	94.07	91.15	94.43
Income Before Interest, Other Income, and Taxes	5.93	8.85	5.57
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	10.10%	14.39%	13.34%

** Sample insufficient for Profit Leaders.

NEWSPAPER		DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 3.30	$ 6.47	$ 4.22	$ 5.29	$ 6.65
13.27	15.17	12.47	13.08	14.40
4.31	3.57	8.18	9.32	10.59
2.45	0.79	0.00	0.01	0.00
0.84	0.93	1.42	1.04	1.02
24.17	26.93	26.29	28.74	32.66
8.83	3.83	7.06	4.79	3.69
29.14	25.30	41.51	29.35	29.93
4.58	1.71	3.32	2.94	2.25
42.55	30.84	51.89	37.08	35.87
3.34	2.80	15.45	1.19	0.72
70.06	60.57	93.63	67.01	69.25
142.73%	165.10%	106.80%	149.23%	144.40%
$83.02	$73.96	$81.21	$76.75	$73.63
1.42	0.81	3.11	8.49	9.33
9.59	9.14	8.00	8.50	6.91
94.03	83.91	92.32	93.74	89.87
5.97	16.09	7.68	6.26	10.13
8.52%	26.56%	8.20%	9.34%	14.63%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	55	$ 4,198,000	$ 7,774,000	$ 465,000
TOTAL - PROFIT LEADERS*	16	4,797,000	7,303,000	744,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$1,500,000	5	426,000	824,000	68,000
$1,500,000-$5,000,000	23	1,308,000	2,920,000	179,000
$5,000,000-$10,000,000	15	2,980,000	6,653,000	361,000
$10,000,000-$20,000,000	7	7,729,000	14,706,000	982,000
Over $20,000,000	5	19,978,000	30,711,000	1,770,000
PROFIT LEADERS				
0-$1,500,000	2	736,000	1,263,000	146,000
$1,500,000-$5,000,000	6	1,536,000	3,585,000	491,000
$5,000,000-$10,000,000	4	2,721,000	6,466,000	591,000
$10,000,000-$20,000,000	3	8,127,000	15,034,000	1,402,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	19	3,544,000	7,021,000	457,000
Magazine and Periodical	2	4,073,000	10,841,000	652,000
Newspaper	9	5,357,000	9,557,000	555,000
Directory	3	12,756,000	13,042,000	877,000
No Predominant Specialty	20	3,232,000	6,896,000	377,000
PROFIT LEADERS				
Commercial and Advertising	4	5,025,000	9,822,000	943,000
Newspaper	3	1,122,000	3,063,000	486,000
No Predominant Specialty	8	2,810,000	5,816,000	573,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1984 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1985 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director
PIA Financial Services

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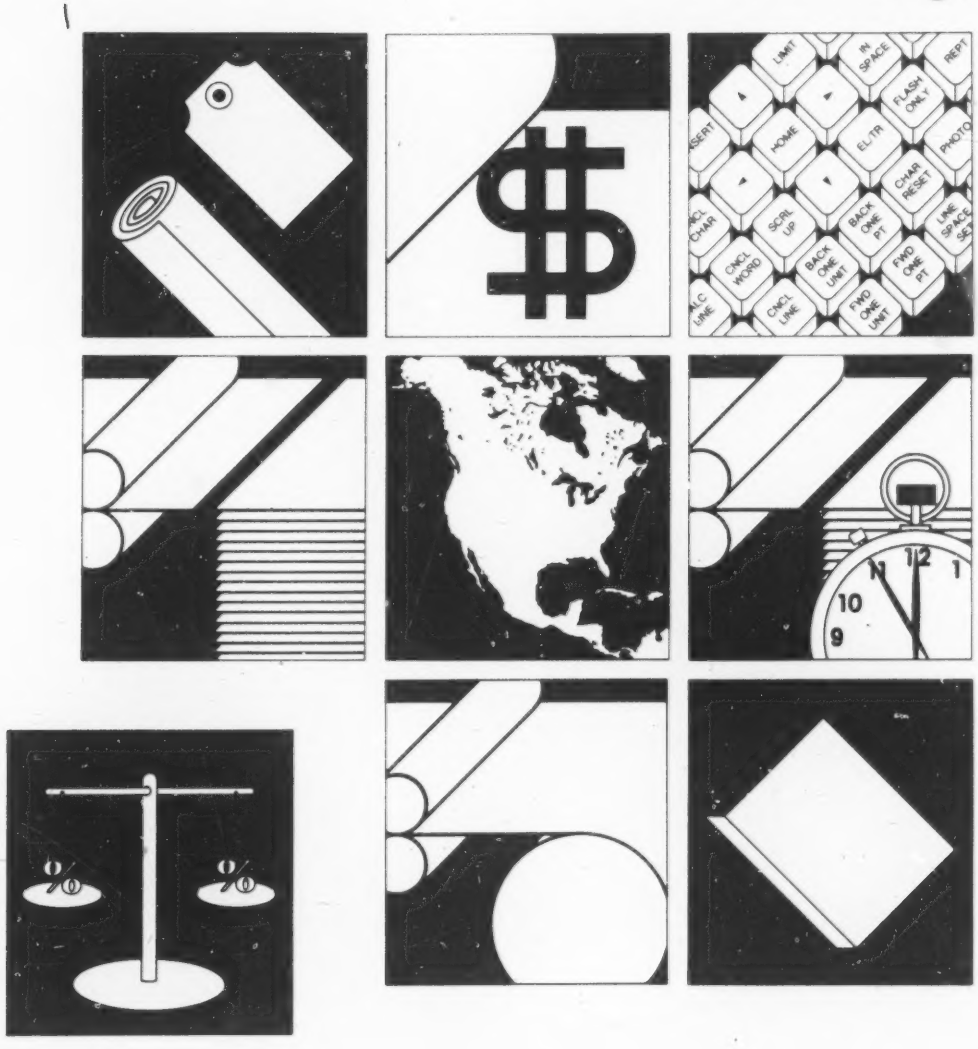
PIA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



Volume VII

Web Offset Printers—Non-Heatset

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

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- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

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PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

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Volume VII: Web Offset Printers—Non-Heatset

An Annual Financial Survey Conducted By:
PIA Financial Services
1730 North Lynn Street
Arlington, VA 22209

Accounting Firm:

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PRINTING INDUSTRIES OF AMERICA, INC.

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Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1985 PIA FINANCIAL RATIOS FOR NON-HEATSET WEB OFFSET PRINTERS. This Ratio Study was developed on the basis of questionnaires volunteered by 44 firms and presents the ratios and statistics of Non-Heatset Web Offset Printers by sales volume, product, and percentage of paper supplied.

Thus users of the report can direct himself to the standards for his sales size — for example, sales from $1.5 to $5 million, sales from $5 to $10 million, etc.; product specialty — for example, Commercial and Advertising, Magazine and Periodical, etc.; and percentage of pape supplied — for example, 0% to 11%, 11% to 21%, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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Congratulations on partaking of the web offset ratio study program. I'm sure that as you review the wealth of information contained in the book that you will find it to be a very rewarding exercise.

Eight years ago PIA formed a special section for non-heatset web offset printers. The activities of the Non-Heatset Web Unit have increased significantly.

Our publication *SNAP* (Specifications for Non-Heat Advertising printing), published in October, 1984, includes pigmentation standards for process inks, recommended ink film densities, screen rulings, stock brightness, opacity and hue standards, type, reverses and proofing standards. It is printed on three types of stock. In addition, we publish the *Non-Heatset Web Offset Directory,* which lists non-heatset web offset printers in the United States and Canada. In conjunction with the Web Offset Section, we publish the *Market Outlook For Web Offset Printers, A Waste and Spoilage Report* and a *Product Catalog,* which include both non-heatset and heatset printers.

Our Graphic Arts Awards Competition for non-heatset printers is held in conjunction with the Annual Meeting. This year's Annual Meeting will be held November 10–13, 1985, Hyatt Regency San Francisco, San Francisco, California.

Edward W. Hill, Jr.
Executive Director
Non-Heatset Web Unit

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less materials costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of presentation management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	40.29	33.84	47.47
FACTORY EXPENSES	21.31	21.11	16.17
TOTAL FACTORY COST OF PRODUCT	61.60	54.95	63.64
GROSS PROFIT	38.40	45.05	36.36
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	15.04	14.04	24.25
Selling expenses	11.56	8.41	13.71
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	26.60	22.45	37.96
INCOME (LOSS) BEFORE INTEREST EXPENSE	11.80	22.60	(1.60)
Interest expense	2.83	2.64	1.29
OPERATING INCOME (LOSS)	8.97	19.96	(2.89)
Other income	1.79	2.65	0.05
INCOME (LOSS) BEFORE INCOME TAXES	10.76	22.61	(2.84)

* See page 10 for the definition of "Profit Leaders."
** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
36.81	30.22	42.04	33.57	39.06	34.74	40.87	39.25
24.93	22.63	21.39	24.08	18.80	18.16	20.08	18.55
61.74	52.85	63.43	57.65	57.86	52.90	60.95	57.80
38.26	47.15	36.57	42.35	42.14	47.10	39.05	42.20
16.37	17.46	13.72	12.15	12.57	11.56	12.15	12.71
8.42	4.12	11.98	11.55	15.57	12.86	10.68	7.97
24.79	21.58	25.70	23.70	28.14	24.42	22.83	20.68
13.47	25.57	10.87	18.65	14.00	22.68	16.22	21.52
2.79	1.99	2.57	0.89	3.20	2.99	4.03	5.09
10.68	23.58	8.30	17.76	10.80	19.69	12.19	16.43
2.01	3.96	2.47	1.81	0.63	0.43	2.52	3.48
12.69	27.54	10.77	19.57	11.43	20.12	14.71	19.91

CHAPTER 1 - BY SIZE OF FIRM

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	3.09%	2.44%	3.95%
Direct wages	27.05	22.93	38.31
General factory salaries and wages	2.27	1.87	0.59
Packing, shipping and delivery wages	1.77	1.04	1.24
Payroll taxes	2.46	2.17	2.70
Employee benefits	3.65	3.39	0.68
TOTAL FACTORY PAYROLL	40.29	33.84	47.47
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.30	0.23	0.00
Depreciation - other	4.80	4.48	7.14
Taxes - real estate	0.41	0.37	0.07
Taxes - other	0.31	0.31	0.08
Insurance	0.57	0.63	0.62
Building rent	1.88	1.69	2.88
Utilities - heat, light, etc.	2.00	1.97	1.51
Equipment rental	1.48	1.22	0.01
Total Fixed Expenses	11.75	10.90	12.31
Other Expenses			
Factory supplies and expense	3.36	4.03	1.09
Packing, shipping and delivery expense	2.74	2.33	0.83
Repairs and maintenance	2.25	2.21	1.25
Other factory expenses	1.21	1.64	0.69
Total Other Expenses	9.56	10.21	3.86
TOTAL FACTORY EXPENSES	21.31	21.11	16.17
ADMINISTRATIVE EXPENSES			
Salaries - executive	4.53	5.08	9.20
Salaries - office	3.60	2.82	7.84
Payroll taxes	0.48	0.46	0.86
Employee benefits	0.68	0.73	0.46
Bad debts	0.78	0.56	0.76
Office supplies and expenses	0.86	0.49	1.13
Professional fees	0.87	0.94	1.39
Taxes - business	0.27	0.12	0.60
Telephone	0.69	0.66	0.73
Other administrative expenses	2.28	2.18	1.28
TOTAL ADMINISTRATIVE EXPENSES	15.04	14.04	24.25
SELLING EXPENSES			
Salaries - executive	1.76	1.16	1.33
Salaries and commissions - salesmen	5.11	4.06	6.75
Salaries - sales office clerical	0.86	0.52	0.00
Payroll taxes	0.37	0.25	0.45
Employee benefits	0.52	0.40	0.16
Advertising	0.44	0.35	0.92
Travel and entertainment	1.00	0.59	1.20
Other selling expenses	1.50	1.08	2.90
TOTAL SELLING EXPENSES	11.56	8.41	13.71

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.27%	1.72%	2.84%	2.69%	3.37%	4.46%	2.28%	1.36%
23.98	21.90	28.02	20.64	24.98	22.42	26.92	27.47
1.33	0.27	2.80	2.71	3.08	1.73	3.16	3.83
2.37	0.64	1.99	1.69	1.41	1.09	0.83	1.01
2.83	2.62	1.96	1.67	2.83	2.25	2.09	1.82
3.03	3.07	4.43	4.17	3.39	2.79	5.59	3.76
36.81	30.22	42.04	33.57	39.06	34.74	40.87	39.25
0.12	0.00	0.32	0.22	0.61	0.28	0.42	0.55
5.29	4.82	4.42	4.68	3.64	3.35	4.54	4.87
0.21	0.15	0.77	0.85	0.38	0.21	0.32	0.41
0.43	0.24	0.28	0.21	0.35	0.51	0.20	0.35
0.57	0.71	0.66	0.53	0.64	0.96	0.27	0.24
2.74	2.66	1.67	1.46	1.32	1.58	0.57	0.41
1.88	1.61	2.08	2.96	2.28	1.96	2.03	1.59
1.69	2.82	2.88	0.03	0.52	0.61	0.24	0.36
12.93	13.01	13.08	10.94	9.74	9.46	8.59	8.78
3.21	3.36	2.73	4.97	3.86	3.50	5.92	4.77
5.10	1.95	1.98	3.28	1.56	1.55	2.13	2.79
2.38	2.30	2.57	2.70	2.21	2.35	2.02	1.41
1.31	2.01	1.03	2.19	1.43	1.30	1.42	0.80
12.00	9.62	8.31	13.14	9.06	8.70	11.49	9.77
24.93	22.63	21.39	24.08	18.80	18.16	20.08	18.55
6.04	8.59	3.06	2.54	3.76	3.81	2.34	3.07
3.45	2.67	3.72	3.46	2.40	2.50	2.43	2.74
0.68	0.67	0.38	0.33	0.28	0.38	0.28	0.30
0.50	0.55	0.93	1.12	0.51	0.45	0.87	0.92
0.86	0.33	0.77	0.98	0.86	0.24	0.50	0.86
0.70	0.44	0.56	0.43	1.82	0.49	0.43	0.63
1.25	1.49	0.69	0.58	0.59	0.70	0.48	0.61
0.25	0.12	0.21	0.01	0.23	0.09	0.28	0.26
0.89	0.61	0.63	0.79	0.51	0.48	0.59	0.78
1.75	1.99	2.77	1.91	1.61	2.42	3.95	2.54
16.37	17.46	13.72	12.15	12.57	11.56	12.15	12.71
1.96	0.99	0.94	0.27	3.36	3.06	1.26	0.40
3.63	1.28	6.33	7.77	5.36	5.34	4.21	3.74
0.19	0.21	0.94	0.62	2.35	0.99	0.72	0.46
0.32	0.20	0.32	0.36	0.50	0.29	0.36	0.20
0.41	0.10	0.64	0.74	0.63	0.66	0.59	0.30
0.43	0.09	0.46	0.95	0.38	0.31	0.21	0.21
0.80	0.39	1.10	0.26	1.18	1.21	0.85	0.63
0.68	0.86	1.25	0.58	1.81	1.00	2.48	2.03
8.42	4.12	11.98	11.55	15.57	12.86	10.68	7.97

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	33.97	36.64	21.79
Other chargeable materials	5.34	3.97	5.05
Outside services	4.21	4.80	4.73
TOTAL MATERIALS	43.52	45.41	31.57
FACTORY PAYROLL	22.69	18.42	32.03
FACTORY EXPENSES	11.75	11.35	10.72
TOTAL FACTORY COST OF PRODUCT	77.96	75.18	74.32
GROSS PROFIT	22.04	24.82	25.68
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	8.84	7.76	17.05
Selling expenses	6.90	5.19	9.15
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.74	12.95	26.20
INCOME (LOSS) BEFORE INTEREST EXPENSE	6.30	11.87	(0.52)
Interest expense	1.51	1.33	0.88
OPERATING INCOME (LOSS)	4.79	10.54	(1.40)
Other income	0.89	1.37	0.03
INCOME (LOSS) BEFORE INCOME TAXES	5.68	11.91	(1.37)

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	1.94%	2.15%	1.20%
Film	0.56	0.37	0.82
Plates	0.80	0.51	1.17
Other chargeable materials	2.04	0.94	1.86
TOTAL OTHER CHARGEABLE MATERIALS	5.34	3.97	5.05
OUTSIDE SERVICES			
Composition	0.49	0.17	0.29
Offset preparation	0.17	0.03	0.00
Printing	1.00	0.77	2.29
Binding	0.68	0.57	0.54
Other outside services	1.87	3.26	1.61
TOTAL OUTSIDE SERVICES	4.21	4.80	4.73

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
36.42	39.88	35.47	41.86	31.18	28.02	37.27	34.61
5.16	5.18	5.91	2.25	4.85	4.06	5.36	3.59
4.11	4.69	3.66	3.54	4.90	5.25	4.34	5.82
45.69	49.75	45.04	47.65	40.93	37.33	46.97	44.02
19.93	14.95	22.65	17.40	22.78	21.89	22.46	21.78
13.44	11.27	11.23	12.41	11.03	11.56	10.82	10.20
79.06	75.97	78.92	77.46	74.74	70.78	80.25	76.00
20.94	24.03	21.08	22.54	25.26	29.22	19.75	24.00
9.03	9.03	7.97	6.45	7.47	7.25	6.66	7.46
5.09	2.30	7.27	6.86	9.46	8.25	5.09	5.28
14.12	11.33	15.24	13.31	16.93	15.50	11.75	12.74
6.82	12.70	5.84	9.23	8.33	13.72	8.00	11.26
1.56	1.04	1.32	0.47	1.78	1.62	1.83	2.39
5.26	11.66	4.52	8.76	6.55	12.10	6.17	8.87
1.04	2.00	1.19	1.01	0.46	0.53	1.02	1.53
6.30	13.66	5.71	9.77	7.01	12.63	7.19	10.40
1.69%	1.52%	1.72%	1.39%	1.87%	2.97%	3.88%	2.72%
0.74	0.84	0.65	0.20	0.24	0.00	0.23	0.19
0.66	0.62	0.74	0.36	0.98	0.17	0.85	0.68
2.07	2.20	2.80	0.30	1.76	0.92	0.40	0.00
5.16	5.18	5.91	2.25	4.85	4.06	5.36	3.59
1.16	0.18	0.19	0.25	0.09	0.00	0.08	0.17
0.30	0.01	0.14	0.00	0.14	0.00	0.09	0.18
0.70	0.13	0.40	0.53	0.89	1.75	2.29	1.69
0.20	0.36	0.41	0.04	1.87	0.21	1.16	2.33
1.75	4.01	2.52	2.72	1.91	3.29	0.72	1.45
4.11	4.69	3.66	3.54	4.90	5.25	4.34	5.82

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.80%	1.50%	2.54%
Direct wages	15.21	12.16	25.97
General factory salaries and wages	1.27	1.16	0.39
Packing, shipping and delivery wages	1.00	0.61	0.83
Payroll taxes	1.37	1.18	1.86
Employee benefits	2.04	1.81	0.44
TOTAL FACTORY PAYROLL	22.69	18.42	32.03
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.16	0.13	0.00
Depreciation - other	2.64	2.35	4.68
Taxes - real estate	0.21	0.18	0.04
Taxes - other	0.17	0.17	0.05
Insurance	0.32	0.33	0.44
Building rent	1.10	0.97	1.90
Utilities - heat, light, etc.	1.10	1.04	1.07
Equipment rental	0.73	0.61	0.00
Total Fixed Expenses	6.43	5.78	8.18
Other Expenses			
Factory supplies and expense	1.86	2.13	0.73
Packing, shipping and delivery expense	1.58	1.30	0.54
Repairs and maintenance	1.21	1.24	0.84
Other factory expenses	0.67	0.90	0.43
Total Other Expenses	5.32	5.57	2.54
TOTAL FACTORY EXPENSES	11.75	11.35	10.72
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.66	2.71	6.71
Salaries - office	2.14	1.50	5.48
Payroll taxes	0.28	0.25	0.62
Employee benefits	0.38	0.40	0.28
Bad debts	0.43	0.33	0.50
Office supplies and expenses	0.52	0.29	0.82
Professional fees	0.50	0.52	0.90
Taxes - business	0.16	0.08	0.45
Telephone	0.40	0.38	0.49
Other administrative expenses	1.37	1.30	0.80
TOTAL ADMINISTRATIVE EXPENSES	8.84	7.76	17.05
SELLING EXPENSES			
Salaries - executive	1.03	0.72	0.94
Salaries and commissions - salesmen	3.11	2.51	4.50
Salaries - sales office clerical	0.50	0.33	0.00
Payroll taxes	0.22	0.15	0.29
Employee benefits	0.31	0.25	0.10
Advertising	0.27	0.21	0.59
Travel and entertainment	0.57	0.35	0.90
Other selling expenses	0.89	0.67	1.83
TOTAL SELLING EXPENSES	6.90	5.19	9.15

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.91%	0.99%	1.51%	1.46%	2.10%	2.90%	1.31%	0.97%
12.74	10.65	15.19	10.60	14.35	13.76	14.60	14.64
0.76	0.16	1.46	1.53	1.84	1.22	1.78	2.40
1.42	0.39	1.02	0.84	0.79	0.71	0.44	0.66
1.49	1.28	1.06	0.88	1.61	1.37	1.14	1.13
1.61	1.48	2.41	2.09	2.09	1.93	3.19	1.98
19.93	14.95	22.65	17.40	22.78	21.89	22.46	21.78
0.07	0.00	0.17	0.11	0.35	0.17	0.22	0.30
2.83	2.47	2.33	2.28	2.10	2.11	2.22	2.43
0.11	0.07	0.41	0.44	0.22	0.11	0.13	0.19
0.24	0.13	0.16	0.14	0.20	0.30	0.09	0.15
0.30	0.35	0.34	0.25	0.38	0.58	0.15	0.16
1.51	1.37	1.00	0.94	0.78	1.01	0.30	0.30
1.03	0.82	1.07	1.44	1.37	1.27	0.98	0.78
0.82	1.29	1.37	0.02	0.35	0.45	0.14	0.22
6.91	6.50	6.85	5.62	5.75	6.00	4.23	4.53
1.67	1.56	1.43	2.45	2.30	2.43	3.35	2.45
2.87	0.91	1.12	1.78	0.85	0.80	1.43	1.97
1.28	1.22	1.27	1.35	1.34	1.63	1.00	0.76
0.71	1.08	0.56	1.21	0.79	0.70	0.81	0.49
6.53	4.77	4.38	6.79	5.28	5.56	6.59	5.67
13.44	11.27	11.23	12.41	11.03	11.56	10.82	10.20
3.28	4.43	1.76	1.35	2.19	2.24	1.23	1.70
1.93	1.33	2.24	1.76	1.37	1.50	1.18	1.54
0.36	0.35	0.21	0.17	0.18	0.25	0.14	0.17
0.27	0.29	0.52	0.57	0.31	0.30	0.44	0.52
0.44	0.17	0.41	0.48	0.46	0.15	0.33	0.61
0.41	0.24	0.32	0.23	1.09	0.31	0.26	0.40
0.69	0.76	0.38	0.29	0.36	0.46	0.28	0.40
0.14	0.07	0.11	0.01	0.15	0.07	0.15	0.18
0.50	0.31	0.34	0.41	0.31	0.31	0.35	0.52
1.01	1.08	1.68	1.18	1.05	1.66	2.30	1.42
9.03	9.03	7.97	6.45	7.47	7.25	6.66	7.46
1.14	0.60	0.56	0.18	2.08	1.93	0.50	0.23
2.29	0.65	3.94	4.67	3.23	3.54	2.05	2.48
0.11	0.13	0.52	0.40	1.42	0.64	0.38	0.27
0.18	0.11	0.19	0.20	0.30	0.17	0.16	0.14
0.25	0.06	0.37	0.40	0.41	0.47	0.29	0.19
0.24	0.05	0.29	0.57	0.23	0.19	0.10	0.13
0.47	0.20	0.57	0.13	0.70	0.75	0.43	0.44
0.41	0.50	0.83	0.31	1.09	0.56	1.18	1.40
5.09	2.30	7.27	6.86	9.46	8.25	5.09	5.28

CHAPTER 1 - BY SIZE OF FIRM

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	7.03%	11.79%	1.36%
Receivables	29.09	28.04	24.80
Inventories	14.60	10.40	8.97
Other current assets	3.43	3.07	4.66
TOTAL CURRENT ASSETS	54.15	53.30	39.79
FIXED ASSETS			
Real estate	9.30	8.85	7.99
Less: Accumulated depreciation	1.91	2.14	0.28
	7.39	6.71	7.71
Machinery and equipment	55.84	52.01	57.50
Less: Accumulated depreciation	27.37	21.29	22.28
	28.47	30.72	35.22
Other fixed assets	4.84	3.37	3.69
Less: Accumulated depreciation	2.39	1.58	2.09
	2.45	1.79	1.60
NET FIXED ASSETS	38.31	39.22	44.53
OTHER ASSETS	7.54	7.48	15.68
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	9.01	4.17	14.15
Accounts payable	13.57	14.90	10.10
Other current liabilities	10.62	13.35	7.68
TOTAL CURRENT LIABILITIES	33.20	32.42	31.93
LONG-TERM LIABILITIES	26.43	26.61	8.08
TOTAL LIABILITIES	59.63	59.03	40.01
SHAREHOLDERS' AND PROPRIETORS' EQUITY	40.37	40.97	59.99
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.63	1.64	1.25
QUICK RATIO	1.19	1.32	0.97
TOTAL LIABILITIES TO EQUITY	1.48	1.44	0.67
LONG-TERM LIABILITIES TO EQUITY	0.65	0.65	0.13
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.49	0.41	0.39

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
11.72%	20.32%	4.72%	9.98%	6.06%	9.98%	6.94%	1.22%
29.78	30.60	29.55	24.09	31.98	27.35	25.66	28.41
11.23	10.62	16.34	13.28	16.86	6.44	18.88	11.10
3.83	0.67	2.55	0.62	5.45	12.07	0.94	0.49
56.56	62.21	53.16	47.97	60.35	55.84	52.42	41.22
5.53	0.00	12.12	16.98	7.08	7.74	15.19	16.56
0.85	0.00	3.34	6.10	2.07	2.30	2.01	1.59
4.68	0.00	8.78	10.88	5.01	5.44	13.18	14.97
67.82	64.28	50.35	50.89	53.32	40.14	44.01	44.53
34.58	28.96	23.64	21.47	28.97	17.16	21.07	12.42
33.24	35.32	26.71	29.42	24.35	22.98	22.94	32.11
5.41	3.78	4.38	4.43	6.89	2.37	2.65	2.63
2.66	1.96	1.93	1.34	3.88	1.61	1.01	1.16
2.75	1.82	2.45	3.09	3.01	0.76	1.64	1.47
40.67	37.14	37.94	43.39	32.37	29.18	37.76	48.55
2.77	0.65	8.90	8.64	7.28	14.98	9.82	10.23
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
6.98	4.44	10.89	7.13	9.75	2.26	4.88	2.66
18.59	28.05	11.99	7.33	11.99	7.03	10.57	8.43
7.86	8.44	10.59	15.29	13.07	18.63	15.37	14.30
33.43	40.93	33.47	29.75	34.81	27.92	30.82	25.39
33.30	21.97	21.78	13.93	32.12	34.02	26.28	39.63
66.73	62.90	55.25	43.68	66.93	61.94	57.10	65.02
33.27	37.10	44.75	56.32	33.07	38.06	42.90	34.98
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.69	1.52	1.59	1.61	1.73	2.00	1.70	1.62
1.36	1.26	1.10	1.17	1.25	1.77	1.09	1.19
2.01	1.70	1.23	0.78	2.02	1.63	1.33	1.86
1.00	0.59	0.49	0.25	0.97	0.89	0.61	1.13
0.51	0.45	0.47	0.42	0.54	0.43	0.48	0.28

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 48,651	$ 71,006	$ 23,435
Average assets per factory employee (Excluding Executives)	66,595	94,379	37,151
Average net worth per employee - All employees	18,620	25,412	13,443
Average gross plant investment per factory employee (Excluding Executives)	46,860	64,176	27,373
Net worth percentage of fixed assets	152.15%	124.35%	389.90%
EMPLOYEES			
Percent factory - All employees	77.37%	79.81%	67.24%
Percent administrative - All employees	12.55	12.46	22.84
Percent sales - All employees	10.08	7.73	9.92
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 85,233	$ 107,968	$ 41,437
Sales per factory employee	110,698	136,459	60,950
Sales less material per factory employee	59,840	72,797	40,699
Sales per administrative employee	944,337	1,000,068	214,475
EXCLUDING EXECUTIVES			
Sales per employee - All employees	93,810	118,155	47,989
Sales per factory employee	117,218	142,734	65,783
Sales less material per factory employee	63,511	76,587	43,847
SALES PER SALESMAN	908,116	1,162,118	208,881
SALES TO CURRENT ASSETS	405%	394%	559%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	33.31%	27.26%	50.95%
Factory payroll percentage of gross plant investment	74.85	59.52	108.97
Payroll per employee - All employees	$ 25,785	$ 27,683	$ 20,024
Payroll per factory employee	22,905	23,296	19,405
Payroll per administrative employee	34,562	43,558	19,820
Payroll per sales employee	34,421	36,174	11,940
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 19,574	$ 19,983	$ 17,304
Payroll per factory employee	18,542	18,432	17,559
Payroll per administrative employee	17,164	19,738	14,429
Payroll per sales employee	27,435	28,597	10,714
EXECUTIVE PAYROLL			
Payroll per executive - All executives	50,207	66,103	27,242
Payroll per factory executive	32,601	34,955	22,155
Payroll per administrative executive	71,791	85,851	25,531
Payroll per sales executive	42,604	52,758	7,982
RECEIVABLES			
Collection period	57.4	58.1	46.9
PROFIT			
Gross profit percentage of sales	22.04%	24.82%	25.68%
Average gross profit per factory employee	$ 25,949	$ 36,367	$ 15,530
Income (loss) before taxes percentage of sales	5.68%	11.91%	(1.37)%
Average income (loss) before taxes per employee	$ 5,969	$ 13,358	$ (651)

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 36,895	$ 43,719	$ 41,767	$ 54,043	$ 52,089	$ 71,170	$ 101,263	$ 133,283
51,266	56,960	57,338	80,819	71,238	95,055	133,307	169,628
12,315	15,637	20,144	31,760	17,637	28,088	33,738	32,681
40,479	41,818	38,918	56,735	44,963	47,170	93,418	125,887
96.77%	117.64%	127.36%	144.43%	122.69%	150.23%	206.61%	89.57%
77.25%	81.14%	78.12%	72.63%	78.63%	81.60%	81.14%	82.98%
14.51	15.28	11.68	13.45	8.18	8.92	9.12	10.30
8.24	3.58	10.20	13.92	13.19	9.48	9.74	6.72
$ 84,830	$116,863	$ 77,757	$ 94,732	$ 95,691	$ 102,495	$ 117,559	$ 111,854
109,078	143,896	99,973	130,018	123,762	129,629	153,189	137,335
57,869	72,367	53,525	67,823	72,873	78,641	73,179	72,641
614,726	827,647	739,348	720,614	1,256,212	1,313,961	2,173,377	1,252,997
95,780	130,109	83,907	103,421	105,171	113,185	126,402	117,933
114,978	148,611	105,767	139,609	131,810	137,907	161,713	140,891
61,316	75,080	56,634	73,141	77,881	83,906	77,113	75,225
407,115	125,500	971,236	822,450	1,215,514	1,899,608	1,281,930	913,861
426%	435%	386%	433%	378%	333%	335%	348%
29.72%	22.89%	32.95%	27.11%	34.27%	32.94%	28.82%	29.02%
64.33	69.20	80.63	46.11	74.39	58.00	62.97	58.31
$ 22,851	$ 25,655	$ 24,145	$ 24,464	$ 32,166	$ 32,185	$ 31,031	$ 29,780
19,922	20,549	21,906	22,519	27,033	25,220	28,358	26,727
35,512	51,513	28,372	27,134	47,398	51,672	38,629	38,609
19,991	14,693	40,076	33,465	53,460	68,229	43,033	42,628
$ 16,318	$ 16,359	$ 19,256	$ 19,616	$ 23,688	$ 23,144	$ 23,343	$ 23,229
15,849	15,738	17,997	18,097	21,553	19,662	22,195	22,024
16,263	19,181	15,364	16,572	20,466	23,420	20,435	20,150
15,117	11,398	34,585	28,598	38,304	49,066	35,285	36,795
51,245	84,305	41,854	30,023	69,564	74,729	55,559	63,221
24,756	25,580	32,036	26,716	45,764	50,673	40,238	43,097
63,127	92,375	52,328	32,608	137,021	132,450	76,599	81,621
16,097	9,189	36,032	32,380	113,003	134,891	43,492	63,616
49.3	41.9	64.2	53.3	61.3	72.0	62.3	76.1
20.94%	24.03%	21.08%	22.54%	25.26%	29.22%	19.75%	24.00%
$ 25,031	$ 37,382	$ 21,694	$ 31,495	$ 34,890	$ 42,300	$ 32,184	$ 33,615
6.30%	13.66%	5.71%	9.77%	7.01%	12.63%	7.19%	10.40%
$ 7,231	$ 16,828	$ 4,791	$ 9,361	$ 7,036	$ 12,971	$ 8,776	$ 11,957

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 3.66	$ 6.25	$ 0.29
Receivables	15.17	15.35	12.42
Inventories	7.59	5.94	4.69
Marketable securities	0.94	2.07	0.00
Other current assets	1.10	0.56	1.64
	28.46	30.17	19.04
Plant Investment:			
Land and building	5.55	6.67	3.59
Machinery and equipment	30.74	33.25	32.99
Other fixed assets	2.50	2.05	2.54
	38.79	41.97	39.12
Non-Current Assets	4.68	5.97	9.47
TOTAL INVESTMENT	71.93	78.11	67.63
INVESTMENT TURNOVER PER $100 OF SALES	139.02%	128.02%	147.86%
EARNINGS			
Cost of Product	$77.96	$75.18	$74.32
Selling Expenses	6.90	5.19	9.15
Administrative Expenses	8.84	7.76	17.05
	93.70	88.13	100.52
Income (Loss) Before Interest, Other Income and Taxes	6.30	11.87	(0.52)
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME (LOSS)	8.76%	15.20%	(0.77)%

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 4.81	$ 8.35	$ 2.57	$ 6.59	$ 4.05	$ 7.84	$ 5.25	$ 0.82
13.04	11.06	16.87	14.01	16.22	18.97	16.71	20.23
5.19	4.11	8.62	7.94	7.54	4.67	12.54	8.24
0.66	0.00	0.28	0.00	3.62	9.66	0.00	0.00
1.19	0.23	1.14	0.38	0.95	1.36	0.64	0.49
24.89	23.75	29.48	28.92	32.38	42.50	35.14	29.78
2.89	0.00	6.66	9.04	4.44	5.74	11.70	16.34
30.64	26.50	27.82	28.84	28.44	30.44	38.81	51.73
2.56	1.76	2.52	2.76	2.90	1.80	1.75	2.06
36.09	28.26	37.00	40.64	35.78	37.98	52.26	70.13
1.25	0.29	4.73	4.61	4.32	9.70	9.25	13.09
62.23	52.30	71.21	74.17	72.48	90.18	96.65	113.00
160.69%	191.20%	140.43%	134.83%	137.97%	110.89%	103.47%	88.50%
$79.06	$75.97	$78.92	$77.46	$74.74	$70.78	$80.25	$76.00
5.09	2.30	7.27	6.86	9.46	8.25	5.09	5.28
9.03	9.03	7.97	6.45	7.47	7.25	6.66	7.46
93.18	87.30	94.16	90.77	91.67	86.28	92.00	88.74
6.82	12.70	5.84	9.23	8.33	13.72	8.00	11.26
10.96%	24.28%	8.20%	12.44%	11.49%	15.21%	8.28%	9.97%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	38.00	36.75	46.29
FACTORY EXPENSES	25.62	22.97	20.83
TOTAL FACTORY COST OF PRODUCT	63.62	59.72	67.12
GROSS PROFIT	36.38	40.28	32.88
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	12.00	10.80	17.55
Selling expenses	8.33	7.07	7.33
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	20.33	17.87	24.88
INCOME BEFORE INTEREST EXPENSE	16.05	22.41	8.00
Interest expense	2.99	2.53	2.38
OPERATING INCOME	13.06	19.88	5.62
Other income	2.73	2.17	0.77
INCOME BEFORE INCOME TAXES	15.79	22.05	6.39

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
X	X	X	X
X	X	X	X
100.00%	100.00%	100.00%	100.00%
41.02	42.33	39.73	31.05
17.52	19.11	19.66	19.94
58.54	61.44	59.39	50.99
41.46	38.56	40.61	49.01
17.56	14.38	15.30	17.13
11.31	5.55	15.71	12.14
28.87	19.93	31.01	29.27
12.59	18.63	9.60	19.74
4.94	5.90	2.39	1.85
7.65	12.73	7.21	17.89
2.14	2.66	1.58	3.00
9.79	15.39	8.79	20.89

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.71%	2.50%	1.82%
Direct wages	26.38	26.77	33.81
General factory salaries and wages	1.94	1.47	1.00
Packing, shipping and delivery wages	2.03	0.81	2.01
Payroll taxes	2.31	2.10	2.78
Employee benefits	2.63	3.10	4.87
TOTAL FACTORY PAYROLL	38.00	36.75	46.29
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.18	0.19	0.41
Depreciation - other	4.56	4.22	6.94
Taxes - real estate	0.31	0.36	0.35
Taxes - other	0.31	0.27	0.11
Insurance	0.84	0.70	0.69
Building rent	1.62	1.55	1.06
Utilities - heat, light, etc.	2.07	1.94	1.64
Equipment rental	3.73	2.06	0.82
Total Fixed Expenses	13.62	11.29	12.02
Other Expenses			
Factory supplies and expense	3.87	5.28	2.16
Packing, shipping and delivery expense	3.93	2.58	3.31
Repairs and maintenance	2.83	2.21	2.81
Other factory expenses	1.37	1.61	0.53
Total Other Expenses	12.00	11.68	8.81
TOTAL FACTORY EXPENSES	25.62	22.97	20.83
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.58	3.54	6.79
Salaries - office	3.05	2.60	4.96
Payroll taxes	0.50	0.38	0.53
Employee benefits	0.44	0.47	0.47
Bad debts	0.92	0.54	0.91
Office supplies and expenses	0.52	0.34	0.78
Professional fees	0.77	0.65	1.19
Taxes - business	0.14	0.09	0.31
Telephone	0.59	0.44	0.69
Other administrative expenses	1.49	1.75	0.92
TOTAL ADMINISTRATIVE EXPENSES	12.00	10.80	17.55
SELLING EXPENSES			
Salaries - executive	1.57	1.39	0.58
Salaries and commissions - salesmen	4.02	3.22	3.89
Salaries - sales office clerical	0.31	0.43	0.04
Payroll taxes	0.25	0.18	0.13
Employee benefits	0.27	0.35	0.37
Advertising	0.32	0.18	0.42
Travel and entertainment	1.22	0.68	1.14
Other selling expenses	0.37	0.64	0.76
TOTAL SELLING EXPENSES	8.33	7.07	7.33

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
0.77%	3.41%	4.41%	3.29%
28.10	27.10	25.26	19.13
5.10	2.77	2.39	1.85
2.08	2.08	1.41	1.47
2.17	3.18	2.27	2.11
2.80	3.79	3.99	3.20
41.02	42.33	39.73	31.05
0.19	0.39	0.36	0.16
4.30	5.45	4.30	4.32
0.93	0.45	0.46	0.35
0.44	1.02	0.25	0.36
0.24	0.30	0.39	0.41
2.54	0.83	2.68	2.59
1.51	2.43	2.16	2.11
0.19	0.44	0.12	0.09
10.34	11.31	10.72	10.39
3.00	4.19	3.56	2.55
1.32	1.82	1.72	1.82
1.93	1.00	1.90	2.77
0.93	0.79	1.76	2.41
7.18	7.80	8.94	9.55
17.52	19.11	19.66	19.94
2.66	3.87	4.65	6.50
2.65	3.61	3.16	2.52
0.31	0.53	0.46	0.59
1.61	0.79	0.74	1.06
1.74	0.46	0.56	0.58
0.77	0.47	1.26	0.64
1.05	1.36	0.67	1.26
0.72	0.10	0.25	0.13
0.38	0.52	0.75	0.90
5.67	2.67	2.80	2.95
17.56	14.38	15.30	17.13
1.69	1.25	2.70	1.45
4.92	2.18	6.38	6.46
1.50	0.57	1.33	0.73
0.29	0.29	0.55	0.42
0.78	0.24	0.76	0.61
0.30	0.16	0.58	0.75
1.05	0.24	0.78	0.39
0.78	0.62	2.63	1.33
11.31	5.55	15.71	12.14

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIAL			
Paper	37.42	38.09	35.16
Other chargeable materials	5.58	4.65	6.03
Outside services	6.79	5.79	2.51
TOTAL MATERIAL	49.79	48.53	43.70
FACTORY PAYROLL	18.91	18.78	25.87
FACTORY EXPENSES	12.31	11.57	11.58
TOTAL FACTORY COST OF PRODUCT	81.01	78.88	81.15
GROSS PROFIT	18.99	21.12	18.85
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	6.07	5.63	10.72
Selling expenses	4.80	4.20	4.44
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	10.87	9.83	15.16
INCOME BEFORE INTEREST EXPENSE	8.12	11.29	3.69
Interest expense	1.48	1.25	1.27
OPERATING INCOME	6.64	10.04	2.42
Other income	1.23	1.13	0.44
INCOME BEFORE INCOME TAXES	7.87	11.17	2.86

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	3.00%	3.22%	2.93%
Film	0.59	0.47	0.76
Plates	0.80	0.63	0.70
Other chargeable materials	1.19	0.33	1.64
TOTAL OTHER CHARGEABLE MATERIALS	5.58	4.65	6.03
OUTSIDE SERVICES			
Composition	1.30	0.04	0.19
Offset preparation	0.03	0.05	0.39
Printing	0.66	0.82	1.31
Binding	0.44	0.58	0.56
Other outside services	4.36	4.30	0.06
TOTAL OUTSIDE SERVICES	6.79	5.79	2.51

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%
37.45	42.08	32.39	33.89
4.70	2.90	5.52	4.09
3.69	3.66	3.45	2.77
45.84	48.64	41.36	40.75
22.06	22.15	23.60	18.17
9.40	9.79	11.59	11.94
77.30	80.58	76.55	70.86
22.70	19.42	23.45	29.14
9.70	7.45	9.03	10.15
6.12	2.90	8.89	7.33
15.82	10.35	17.92	17.48
6.88	9.07	5.53	11.66
2.70	2.88	1.35	1.06
4.18	6.19	4.18	10.60
1.15	0.99	0.85	1.75
5.33	7.18	5.03	12.35
1.20%	1.05%	0.46%	0.46%
0.89	0.51	0.24	0.54
0.76	0.99	0.68	0.17
1.85	0.35	4.14	2.92
4.70	2.90	5.52	4.09
0.33	0.65	0.07	0.15
0.16	0.99	0.08	0.00
0.12	0.86	1.25	0.17
1.17	1.16	0.90	0.33
1.91	0.00	1.15	2.12
3.69	3.66	3.45	2.77

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.48%	1.50%	1.05%
Direct wages	13.05	13.27	19.03
General factory salaries and wages	0.95	0.84	0.50
Packing, shipping and delivery wages	0.97	0.45	1.20
Payroll taxes	1.12	1.07	1.52
Employee benefits	1.34	1.65	2.57
TOTAL FACTORY PAYROLL	18.91	18.78	25.87
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.09	0.10	0.20
Depreciation - other	2.26	2.12	3.91
Taxes - real estate	0.13	0.16	0.19
Taxes - other	0.15	0.15	0.05
Insurance	0.41	0.37	0.39
Building rent	0.87	0.82	0.60
Utilities - heat, light, etc.	1.03	1.00	0.87
Equipment rental	1.56	1.02	0.41
Total Fixed Expenses	6.50	5.74	6.62
Other Expenses			
Factory supplies and expense	1.90	2.63	1.06
Packing, shipping and delivery expense	1.88	1.20	2.16
Repairs and maintenance	1.38	1.23	1.45
Other factory expenses	0.65	0.77	0.29
Total Other Expenses	5.81	5.83	4.96
TOTAL FACTORY EXPENSES	12.31	11.57	11.58
ADMINISTRATIVE EXPENSES			
Salaries - executive	1.78	1.80	4.18
Salaries - office	1.53	1.29	3.11
Payroll taxes	0.25	0.20	0.34
Employee benefits	0.22	0.25	0.26
Bad debts	0.43	0.25	0.51
Office supplies and expenses	0.29	0.19	0.49
Professional fees	0.41	0.35	0.67
Taxes - business	0.07	0.05	0.22
Telephone	0.29	0.23	0.40
Other administrative expenses	0.80	1.02	0.54
TOTAL ADMINISTRATIVE EXPENSES	6.07	5.63	10.72
SELLING EXPENSES			
Salaries - executive	0.95	0.86	0.36
Salaries and commissions - salesmen	2.42	1.92	2.28
Salaries - sales office clerical	0.18	0.27	0.02
Payroll taxes	0.13	0.10	0.08
Employee benefits	0.17	0.23	0.24
Advertising	0.17	0.10	0.26
Travel and entertainment	0.59	0.39	0.74
Other selling expenses	0.19	0.33	0.46
TOTAL SELLING EXPENSES	4.80	4.20	4.44

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
0.39%	1.91%	2.61%	1.95%
15.14	14.17	15.06	11.19
2.74	1.41	1.40	1.14
1.16	1.20	0.81	0.87
1.20	1.66	1.32	1.22
1.43	1.80	2.40	1.80
22.06	22.15	23.60	18.17
0.10	0.18	0.21	0.08
2.28	2.70	2.50	2.56
0.47	0.21	0.26	0.21
0.22	0.53	0.15	0.22
0.12	0.16	0.23	0.24
1.37	0.50	1.58	1.61
0.81	1.22	1.26	1.23
0.11	0.24	0.07	0.05
5.48	5.74	6.26	6.20
1.62	2.16	2.16	1.54
0.76	0.95	1.03	1.10
1.04	0.51	1.10	1.62
0.50	0.43	1.04	1.48
3.92	4.05	5.33	5.74
9.40	9.79	11.59	11.94
1.46	1.96	2.77	3.83
1.43	1.91	1.83	1.53
0.17	0.28	0.27	0.35
0.90	0.36	0.41	0.59
0.97	0.26	0.32	0.33
0.43	0.25	0.76	0.38
0.56	0.74	0.40	0.73
0.41	0.05	0.14	0.08
0.20	0.26	0.43	0.51
3.17	1.38	1.70	1.82
9.70	7.45	9.03	10.15
0.92	0.74	1.52	0.89
2.71	1.13	3.68	3.93
0.77	0.26	0.76	0.46
0.16	0.15	0.31	0.25
0.41	0.12	0.42	0.34
0.17	0.08	0.33	0.45
0.57	0.12	0.42	0.23
0.41	0.30	1.45	0.78
6.12	2.90	8.89	7.33

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	8.83%	12.20%	4.90%
Receivables	27.26	27.51	31.46
Inventories	9.15	8.81	11.62
Other current assets	5.18	5.39	5.15
TOTAL CURRENT ASSETS	50.42	53.91	53.13
FIXED ASSETS			
Real estate	9.49	10.82	14.85
Less: Accumulated depreciation	2.21	2.76	2.43
	7.28	8.06	12.42
Machinery and equipment	49.64	46.29	55.52
Less: Accumulated depreciation	17.08	15.71	30.04
	32.56	30.58	25.48
Other fixed assets	2.41	1.52	3.05
Less: Accumulated depreciation	1.02	0.84	1.20
	1.39	0.68	1.85
NET FIXED ASSETS	41.23	39.32	39.75
OTHER ASSETS	8.35	6.77	7.12
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	5.17	2.27	13.13
Accounts payable	12.60	11.10	20.79
Other current liabilities	13.57	15.26	5.91
TOTAL CURRENT LIABILITIES	31.34	28.63	39.83
LONG-TERM LIABILITIES	31.57	26.03	17.74
TOTAL LIABILITIES	62.91	54.66	57.57
SHAREHOLDERS' AND PROPRIETORS' EQUITY	37.09	45.34	42.43
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.61	1.88	1.33
QUICK RATIO	1.32	1.58	1.04
TOTAL LIABILITIES TO EQUITY	1.70	1.21	1.36
LONG-TERM LIABILITIES TO EQUITY	0.85	0.57	0.42
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.34	0.34	0.54

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
0.31%	4.83%	8.71%	15.70%
34.53	21.49	27.79	24.85
17.75	14.58	19.67	13.47
1.97	1.75	1.51	0.54
54.56	42.65	57.68	54.56
3.00	16.52	6.65	4.35
0.76	3.70	1.50	1.98
2.24	12.82	5.15	2.37
50.14	60.42	64.01	61.88
17.98	24.16	36.22	29.21
32.16	36.26	27.79	32.67
9.01	5.25	6.21	6.48
4.49	4.14	3.10	2.75
4.52	1.11	3.11	3.73
38.92	50.19	36.05	38.77
6.52	7.16	6.27	6.67
100.00	100.00	100.00	100.00
19.38	3.37	9.91	8.61
19.60	8.21	11.23	9.23
12.25	10.07	10.41	13.64
51.23	21.65	31.55	31.48
25.32	45.42	20.60	24.28
76.55	67.07	52.15	55.76
23.45	32.93	47.85	44.24
100.00	100.00	100.00	100.00
1.07	1.97	1.83	1.73
0.72	1.30	1.20	1.31
3.26	2.04	1.09	1.26
1.08	1.38	0.43	0.55
0.36	0.40	0.57	0.47

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 48,433	$ 56,654	$ 39,353
Average assets per factory employee (Excluding Executives)	62,187	71,487	49,501
Average net worth per employee - All employees	19,344	25,971	15,600
Average gross plant investment per factory employee (Excluding Executives)	38,415	42,344	36,381
Net worth percentage of fixed assets	122.75%	139.96%	103.89%
EMPLOYEES			
Percent factory - All employees	82.13%	84.96%	79.11%
Percent administrative - All employees	11.84	9.75	13.84
Percent sales - All employees	6.03	5.29	7.05
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 86,737	$ 96,945	$ 85,554
Sales per factory employee	106,329	116,430	103,293
Sales less material per factory employee	53,120	59,911	52,872
Sales per administrative employee	929,596	1,186,892	850,052
EXCLUDING EXECUTIVES			
Sales per employee - All employees	94,561	104,754	90,556
Sales per factory employee	111,066	121,534	105,285
Sales less material per factory employee	55,690	62,843	54,044
SALES PER SALESMAN	1,392,465	1,426,001	921,552
SALES TO CURRENT ASSETS	434%	396%	461%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	26.52%	25.70%	36.76%
Factory payroll percentage of gross plant investment	76.81	65.22	82.60
Payroll per employee - All employees	$ 21,750	$ 24,330	$ 25,326
Payroll per factory employee	18,932	20,503	22,943
Payroll per administrative employee	30,353	36,618	38,126
Payroll per sales employee	38,981	43,621	22,964
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 16,921	$ 18,349	$ 18,902
Payroll per factory employee	15,658	16,598	18,403
Payroll per administrative employee	15,639	18,569	19,607
Payroll per sales employee	31,370	33,223	19,861
EXECUTIVE PAYROLL			
Payroll per executive - All executives	43,267	54,054	66,544
Payroll per factory executive	28,071	33,892	30,496
Payroll per administrative executive	65,772	82,759	69,366
Payroll per sales executive	46,319	67,339	14,591
RECEIVABLES			
Collection period	56.7	60.1	57.8
PROFIT			
Gross profit percentage of sales	18.99%	21.12%	18.85%
Average gross profit per factory employee	$ 21,973	$ 27,496	$ 19,142
Income before taxes percentage of sales	7.87%	11.17%	2.86%
Average income before taxes per employee	$ 7,389	$ 10,911	$ 5,460

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 42,901	$125,558	$ 41,244	$ 49,879
54,641	163,554	63,216	77,787
11,295	28,585	19,716	22,357
25,437	132,181	46,645	55,009
55.72%	74.27%	234.90%	126.34%
80.53%	80.09%	73.07%	69.73%
9.23	13.25	12.55	16.49
10.24	6.66	14.38	13.78
$ 83,406	$113,761	$ 80,355	$ 95,051
103,759	142,736	113,620	135,561
56,057	70,064	63,723	80,433
913,241	914,386	1,038,744	593,535
86,538	123,861	92,089	110,333
104,719	150,182	124,353	146,071
56,543	74,240	69,644	86,694
1,109,641	645,265	555,017	339,218
374%	411%	382%	375%
30.99%	29.04%	35.57%	30.36%
76.41	52.87	69.37	49.26
$ 25,854	$ 30,220	$ 26,995	$ 28,191
22,918	28,305	23,961	24,486
37,145	37,077	34,838	37,281
45,818	36,828	31,908	26,082
$ 20,732	$ 22,724	$ 20,050	$ 20,150
19,923	22,845	19,055	19,230
16,070	19,020	16,535	14,282
37,891	28,062	23,764	21,014
74,262	56,404	43,013	46,136
23,959	40,874	33,152	40,103
84,269	73,419	76,403	54,860
65,824	49,888	46,769	35,772
71.5	49.4	51.5	50.5
22.70%	19.42%	23.45%	29.14%
$ 23,529	$ 29,729	$ 30,063	$ 42,701
5.33%	7.18%	5.03%	12.35%
$ 4,454	$ 9,445	$ 4,749	$ 12,312

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 4.48	$ 6.38	$ 1.29
Receivables	14.97	15.97	15.15
Inventories	4.97	5.02	5.30
Marketable securities	2.95	4.14	0.28
Other current assets	0.89	0.68	1.72
	28.26	32.19	23.74
Plant Investment:			
Land and building	5.72	6.69	7.11
Machinery and equipment	27.70	27.50	28.08
Other fixed assets	1.42	1.04	1.65
	34.84	35.23	36.84
Non-Current Assets	4.37	4.31	4.85
TOTAL INVESTMENT	67.47	71.73	65.43
INVESTMENT TURNOVER PER $100 OF SALES	148.21%	139.41%	152.84%
EARNINGS			
Cost of Product	$81.01	$78.88	$81.15
Selling Expenses	4.80	4.20	4.44
Administrative Expenses	6.07	5.63	10.72
	91.88	88.71	96.31
Income Before Interest, Other Income, and Taxes	8.12	11.29	3.69
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	12.03%	15.74%	5.64%

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 0.12	$ 2.37	$ 5.23	$ 9.26
17.38	13.32	13.79	13.37
8.45	8.25	10.35	7.34
0.00	0.00	0.00	0.00
0.89	1.05	0.81	0.31
26.84	24.99	30.18	30.28
1.93	14.25	3.97	2.30
27.27	55.12	32.49	32.17
4.09	3.10	2.86	3.63
33.29	72.47	39.32	38.10
3.19	11.14	2.93	3.55
63.32	108.60	72.43	71.93
157.93%	92.08%	138.06%	139.02%
$77.30	$80.58	$76.55	$70.86
6.12	2.90	8.89	7.33
9.70	7.45	9.03	10.15
93.12	90.93	94.47	88.34
6.88	9.07	5.53	11.66
10.87%	8.35%	7.63%	16.21%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	44	$ 6,348,000	$10,220,000	$ 674,000
TOTAL - PROFIT LEADERS*	14	9,558,000	12,021,000	1,355,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$1,500,000	4	284,000	571,000	6,000
$1,500,000-$5,000,000	13	1,374,000	3,160,000	208,000
$5,000,000-$10,000,000	13	3,991,000	7,301,000	418,000
$10,000,000-$20,000,000	8	7,556,000	13,932,000	941,000
Over $20,000,000	6	24,667,000	33,327,000	2,330,000
PROFIT LEADERS				
$1,500,000-$5,000,000	5	1,364,000	3,560,000	473,000
$5,000,000-$10,000,000	3	3,721,000	6,509,000	645,000
$10,000,000-$20,000,000	3	9,723,000	12,668,000	1,642,000
Over $20,000,000	3	28,887,000	30,988,000	3,249,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	12	5,305,000	8,600,000	810,000
Newspaper	8	3,810,000	7,787,000	388,000
Book	2	3,939,000	7,528,000	398,000
Directory	3	17,286,000	12,873,000	1,256,000
No Predominant Specialty	16	5,648,000	10,532,000	423,000
PROFIT LEADERS				
Commercial and Advertising	7	7,825,000	11,966,000	1,299,000
No Predominant Specialty	4	2,240,000	3,962,000	440,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services

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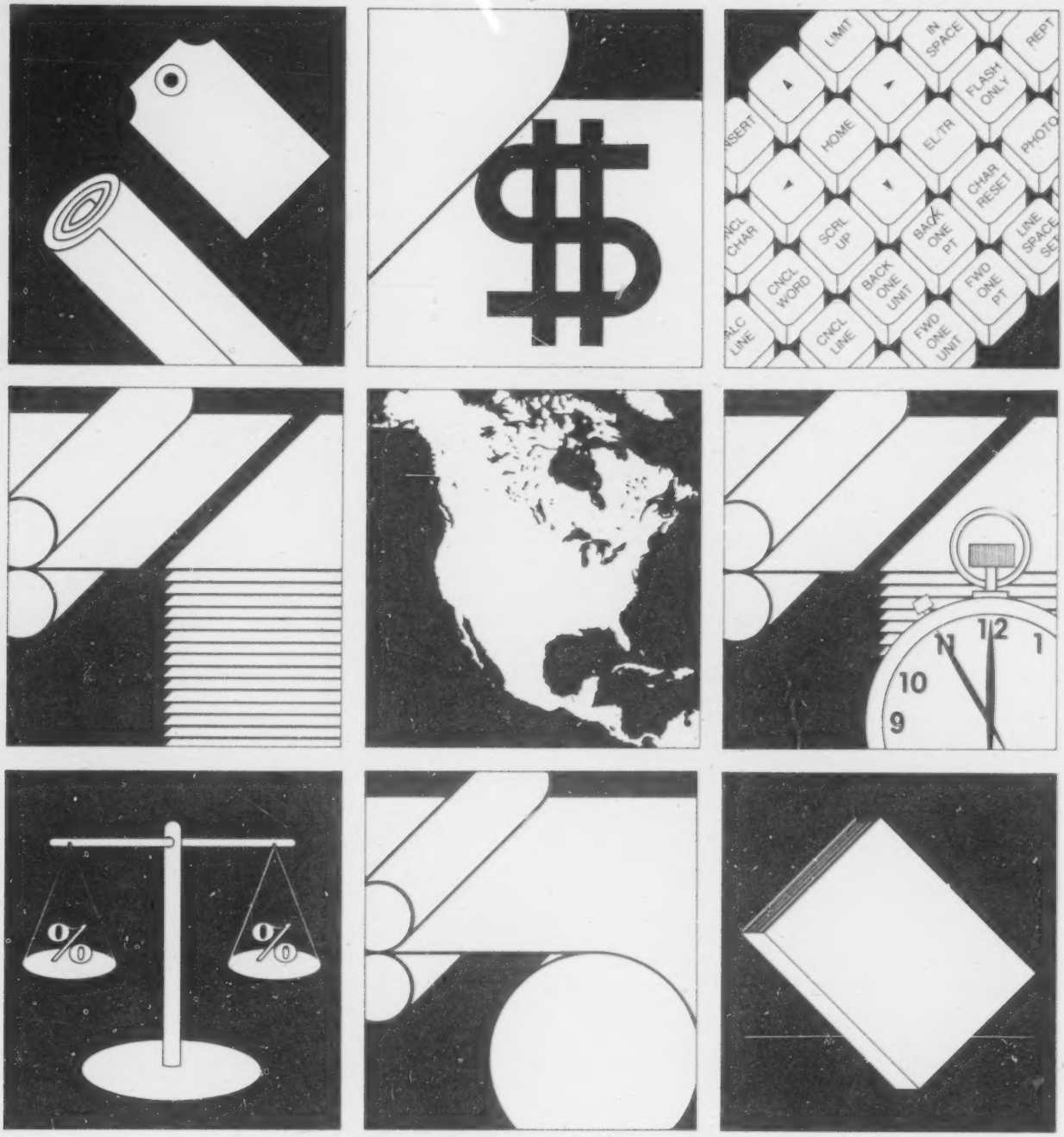
Printing Industries of America, Inc.

1984 Financial Ratios



Volume VIII
Combination Offset—Sheetfed/Web

ABOUT PIA . . .

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial service package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Microcomputer Seminars

For further information, contact:

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Arlington, Virginia 22209
703/841-4805

PIA's Education and Publication Group is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980s (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981-82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation
- 1984 Executive Compensation Report

These books are available through PIA Affiliated Associations' Graphic Arts Bookstores. For further information, contact:

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1730 North Lynn Street
Arlington, Virginia 22209
(703) 841-8144

61ST annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1984 FINANCIAL RATIOS

COMBINATION OFFSET-SHEETFED/WEB PRINTERS

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New York and Philadelphia (Bala Cynwyd)

Printed in U.S.A.

PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-4805

Dear Colleague:

1984 is the 61st year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the U.S. and Canadian graphic arts industries. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the U.S. and Canadian printing industry, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1984 PIA FINANCIAL RATIOS FOR COMBINATION OFFSET-SHEETFED/WEB PRINTERS. This Ratio Study was developed on the basis of questionnaires volunteered by 100 firms and presents the ratios and statistics of Combination Offset-Sheetfed/Web Printers by sales volume, by product, and by percentage of web sales. Because many participants produce substantially even percentages of sheetfed and web sales, they have difficulty classifying themselves strictly as a sheetfed or web printer. This volume gives recognition to that problem.

Thus the user of the report can direct himself to the standards for his sales size — for example, sales to $1.5 million, sales from $1.5 to $5 million, etc.; product specialty — for example, Commercial and Advertising, Magazine and Periodical etc.; and percentage of web sales — for example 11% to 21%, 21% to 41%, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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Dear Colleague:

1984 is the second year in which the annual PIA Financial Ratio Study has analyzed combination offset sheetfed/web plants — printing firms whose sales volume is composed of more than 20% web and more than 20% sheetfed jobs. Within the context of the PIA Financial Ratio Study, printers with less than 20% of sales made up of web jobs are classified as sheetfed printers; more than 80% web are classified as either web heatset or non-heatset printers. These particular printing operations are examined in Volumes V, VI, and VII of the study, respectively.

The 100 firms participating in the 1984 Combination Offset-Sheetfed/Web Study, represent a 23 percent increase over last year. Since PIA's goal is to serve the needs of the printing industry, we are pleased at the response to this new part of the annual PIA Financial Ratio Study.

William A. Rose, II
Director, PIA Financial Services

VALUE ADDED DEFINED

Value added is simply your sales less material costs, which include paper, other chargeable materials and outside services. Value added is, therefore, that component of a sale attributable to your own manufacture. It is calculated as follows:

Sales		$100.00
Less Materials:		
Paper	$ 23.03	
Other chargeable materials	5.38	
Outside services	8.03	36.44
Value Added		$ 63.56

Other chargeable materials include ink, film, plates, etc., but not general supplies, such as repair or maintenance parts. Outside services are purchases of job-related services -- composition, offset preparation, printing, bindery, etc.

KNOWN BY OTHER TERMS

Value added is also known by such other terms as inside sales, conversion value, inside manufacturing value and real contribution to overhead and profit. Whatever the term, the concept of value added is of prime importance to the profitability of your operations.

CONCEPTUAL UNDERSTANDING OF VALUE ADDED

Once you observe that value added is the residual of sales less material costs, you realize that this value provided by your own manufacture is all you have available to pay your remaining expenses. These are:

- Factory labor
- Other factory expenses
- Administrative expenses
- Selling expenses
- Interest

Then, what is left is a profit. This is different from the basic "cost sheet concept" that we are accustomed to in the printing industry.

Since, generally, within a relevant range of operations, these expenses behave as fixed costs, the "overhead" represented by these expenses will remain practically constant. Therefore, you want to maximize your value added.

Let us illustrate this with the following example, in which we are increasing the value added derived from $1,000,000 of sales from $635,600 to $675,000 to see the effect on operating income. We will assume that "overhead" (factory labor; other factory, administrative, selling and interest expenses) will remain the same.

The assumption that these expenses will not increase is being taken with some license; actually they would increase, but very little. We are taking this liberty to prove the point that, within this relevant range, these expenses behave in a fixed manner. This helps to understand the effect of value added on profit.

	Original	After Increase in Value Added
SALES	$1,000,000	
Material Costs	364,400	
VALUE ADDED	635,600	$675,000
"Overhead"	591,000	591,000
Operating Income	$ 44,600	$ 84,000

STATEMENT OF OPERATIONS -- VALUE ADDED: THE BETTER STATEMENT

By eliminating the distortion that material costs introduce into the conventional operating statement, value added gives you a truer picture of your operations.

For example, if we were comparing the statement of operations of a short-run, sheet-fed company with that of a web-offset firm, and our comparison was related to percentages based on sales, we could have significant differences in ratios. The reason: the significant differences in material costs. It would appear that the web-offset operation had a lower factory labor cost because a substantial amount of the sale was materials. But, in truth, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

Almost every company's product mix is different and, by using statements of operations based on value added, this product mix difference is eliminated. In conclusion, the Statement of Operations -- Value Added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	45.48	38.77	42.46
FACTORY EXPENSES	20.43	18.60	21.58
TOTAL FACTORY COST OF PRODUCT	65.91	57.37	64.04
GROSS PROFIT	34.09	42.63	35.96
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	12.95	11.80	16.00
Selling expenses	13.14	11.46	8.88
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	26.09	23.26	24.88
INCOME BEFORE INTEREST EXPENSE	8.00	19.37	11.08
Interest expense	3.70	1.32	3.60
OPERATING INCOME	4.30	18.05	7.48
Other income	1.36	2.41	3.21
INCOME BEFORE INCOME TAXES	5.66	20.46	10.69

* See Page 10 for the definition of "Profit Leaders."
** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
44.47	40.48	46.11	36.68	47.31	42.62	42.47	38.39
20.26	19.88	22.45	20.77	18.84	16.33	17.82	16.49
64.73	60.36	68.56	57.45	66.15	58.95	60.29	54.88
35.27	39.64	31.44	42.55	33.85	41.05	39.71	45.12
14.75	11.48	12.65	14.13	11.12	7.47	9.68	9.34
12.43	9.04	13.26	11.38	14.47	13.93	13.73	12.15
27.18	20.52	25.91	25.51	25.59	21.40	23.41	21.49
8.09	19.12	5.53	17.04	8.26	19.65	16.30	23.63
3.77	0.90	3.87	1.23	3.78	2.98	2.21	1.27
4.32	18.22	1.66	15.81	4.48	16.67	14.09	22.36
0.96	1.70	2.08	2.69	0.89	2.26	1.05	1.54
5.28	19.92	3.74	18.50	5.37	18.93	15.14	23.90

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.84%	2.84%	4.22%
Direct wages	30.43	27.10	33.77
General factory salaries and wages	3.87	1.97	0.33
Packing, shipping and delivery wages	1.64	1.01	0.50
Payroll taxes	2.69	2.22	1.83
Employee benefits	4.01	3.63	1.81
TOTAL FACTORY PAYROLL	45.48	38.77	42.46
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.56	0.51	0.23
Depreciation - other	5.41	5.06	8.56
Taxes - real estate	0.47	0.32	0.49
Taxes - other	0.34	0.20	0.25
Insurance	0.53	0.53	0.81
Building rent	1.51	1.42	2.49
Utilities - heat, light, etc.	2.18	1.88	1.74
Equipment rental	0.71	0.37	0.44
Total Fixed Expenses	11.71	10.29	15.01
Other Expenses			
Factory supplies and expense	3.39	3.23	2.37
Packing, shipping and delivery expense	1.54	1.91	1.24
Repairs and maintenance	2.58	2.62	2.46
Other factory expenses	1.21	0.55	0.50
Total Other Expenses	8.72	8.31	6.57
TOTAL FACTORY EXPENSES	20.43	18.60	21.58
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.35	3.40	6.65
Salaries - office	3.04	2.36	2.62
Payroll taxes	0.40	0.37	0.40
Employee benefits	0.89	0.70	0.37
Bad debts	0.76	0.64	0.29
Office supplies and expenses	0.71	1.07	2.46
Professional fees	0.77	0.73	0.46
Taxes - business	0.17	0.32	0.24
Telephone	0.76	0.92	1.09
Other administrative expenses	2.10	1.29	1.42
TOTAL ADMINISTRATIVE EXPENSES	12.95	11.80	16.00
SELLING EXPENSES			
Salaries - executive	1.96	1.59	1.63
Salaries and commissions - salesmen	6.40	6.13	3.51
Salaries - sales office clerical	0.96	0.71	0.00
Payroll taxes	0.42	0.31	0.13
Employee benefits	0.54	0.55	0.09
Advertising	0.45	0.28	1.00
Travel and entertainment	1.28	1.28	0.38
Other selling expenses	1.13	0.61	2.14
TOTAL SELLING EXPENSES	13.14	11.46	8.88

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.84%	2.31%	2.82%	2.61%	2.58%	2.04%	3.14%	2.56%
29.30	26.87	31.59	27.50	31.72	28.52	23.84	23.44
4.19	1.20	3.59	1.31	3.74	3.40	6.28	3.98
1.79	1.99	1.33	0.60	2.01	1.12	1.34	1.23
2.70	2.14	2.89	2.42	2.58	2.81	2.69	2.17
3.65	5.97	3.89	2.24	4.68	4.73	5.18	5.01
44.47	40.48	46.11	36.68	47.31	42.62	42.47	38.39
0.77	0.65	0.27	0.30	0.69	1.08	0.47	0.67
4.44	5.70	6.80	5.64	5.10	3.76	3.56	3.16
0.49	0.14	0.53	0.36	0.42	0.59	0.34	0.33
0.22	0.33	0.45	0.23	0.47	0.27	0.02	0.00
0.65	0.92	0.47	0.69	0.45	0.18	0.19	0.18
1.74	1.86	1.96	2.20	0.76	0.00	0.64	0.61
1.95	1.64	2.37	1.82	2.21	3.04	2.66	1.47
1.15	0.24	0.47	0.06	0.55	1.88	0.19	0.34
11.41	11.48	13.32	11.30	10.65	10.80	8.07	6.76
3.52	3.84	3.29	3.71	3.18	1.75	4.68	3.56
1.68	1.93	1.38	1.85	1.41	0.22	2.24	3.78
2.55	2.50	2.97	3.26	2.31	2.86	2.14	1.58
1.10	0.13	1.49	0.65	1.29	0.70	0.69	0.81
8.85	8.40	9.13	9.47	8.19	5.53	9.75	9.73
20.26	19.88	22.45	20.77	18.84	16.33	17.82	16.49
4.05	3.19	3.29	4.82	2.08	1.26	2.45	2.25
3.29	3.05	2.96	3.28	3.18	1.13	1.68	1.13
0.54	0.46	0.37	0.54	0.28	0.11	0.25	0.15
1.17	1.13	0.87	0.77	0.64	0.47	0.83	0.49
0.74	0.06	0.69	0.89	1.02	0.87	0.39	0.66
0.93	0.88	0.49	0.63	0.46	0.44	0.49	0.50
0.74	0.64	1.01	0.82	0.64	1.12	0.61	0.61
0.14	0.17	0.20	0.38	0.16	0.17	0.21	0.42
0.93	1.02	0.70	0.89	0.60	0.71	0.58	0.56
2.22	0.88	2.07	1.11	2.06	1.19	2.19	2.57
14.75	11.48	12.65	14.13	11.12	7.47	9.68	9.34
2.04	1.35	2.54	1.34	1.34	5.02	1.55	0.66
5.78	3.40	6.22	6.55	7.77	2.80	6.99	8.14
0.94	1.35	0.74	0.40	1.37	1.49	0.95	0.50
0.43	0.41	0.49	0.38	0.39	0.26	0.32	0.18
0.38	0.79	0.62	0.31	0.68	1.55	0.80	0.39
0.52	0.28	0.35	0.32	0.41	0.57	0.32	0.09
1.39	0.97	1.31	1.82	1.18	1.48	1.48	0.62
0.95	0.49	0.99	0.26	1.33	0.76	1.32	1.57
12.43	9.04	13.26	11.38	14.47	13.93	13.73	12.15

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	26.50	26.61	25.49
Other chargeable materials	5.97	6.34	10.64
Outside services	8.02	6.82	2.57
TOTAL MATERIALS	40.49	39.77	38.70
FACTORY PAYROLL	27.07	23.56	25.98
FACTORY EXPENSES	12.13	11.11	13.08
TOTAL FACTORY COST OF PRODUCT	79.69	74.44	77.76
GROSS PROFIT	20.31	25.56	22.24
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	7.74	7.18	10.19
Selling expenses	7.81	6.93	5.44
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.55	14.11	15.63
INCOME BEFORE INTEREST EXPENSE	4.76	11.45	6.61
Interest expense	2.17	0.81	2.11
OPERATING INCOME	2.59	10.64	4.50
Other income	0.77	1.37	2.00
INCOME BEFORE INCOME TAXES	3.36	12.01	6.50

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	2.28%	2.23%	3.79%
Film	1.21	0.89	3.51
Plates	1.24	1.36	2.47
Other chargeable materials	1.24	1.86	0.87
TOTAL OTHER CHARGEABLE MATERIALS	5.97	6.34	10.64
OUTSIDE SERVICES			
Composition	0.90	0.38	0.25
Offset preparation	1.33	0.56	0.52
Printing	1.19	1.36	1.01
Binding	2.76	1.42	0.52
Other outside services	1.84	3.10	0.27
TOTAL OUTSIDE SERVICES	8.02	6.82	2.57

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
25.73	25.76	28.68	30.00	25.17	17.19	26.84	23.98
5.01	3.78	5.87	6.51	6.14	4.75	8.11	9.59
6.94	5.38	8.91	6.92	9.13	10.29	8.86	7.20
37.68	34.92	43.46	43.43	40.44	32.23	43.81	40.77
27.64	26.20	25.94	21.04	28.51	28.97	23.80	22.82
12.66	13.05	12.77	11.76	11.07	10.09	9.98	9.99
77.98	74.17	82.17	76.23	80.02	71.29	77.59	73.58
22.02	25.83	17.83	23.77	19.98	28.71	22.41	26.42
9.17	7.48	7.11	7.84	6.54	5.22	5.98	6.59
7.89	5.75	7.44	6.46	8.53	9.90	7.67	7.09
17.06	13.23	14.55	14.30	15.07	15.12	13.65	13.68
4.96	12.60	3.28	9.47	4.91	13.59	8.76	12.74
2.31	0.57	2.18	0.67	2.20	2.00	1.22	0.84
2.65	12.03	1.10	8.80	2.71	11.59	7.54	11.90
0.60	1.07	1.12	1.52	0.50	1.37	0.46	0.66
3.25	13.10	2.22	10.32	3.21	12.96	8.00	12.56
1.30%	0.89%	2.47%	2.19%	3.00%	3.63%	3.28%	2.70%
1.22	1.03	1.29	1.55	1.11	0.51	0.46	0.23
1.14	1.65	1.30	1.63	1.25	0.61	0.98	1.21
1.35	0.21	0.81	1.14	0.78	0.00	3.39	5.45
5.01	3.78	5.87	6.51	6.14	4.75	8.11	9.59
0.82	0.32	1.05	0.87	1.11	0.00	0.40	0.51
0.75	0.86	1.74	1.09	1.77	0.00	1.18	0.73
1.12	2.62	0.92	1.71	1.41	0.00	1.60	1.94
2.07	0.07	3.54	0.32	2.98	0.00	3.57	2.93
2.18	1.51	1.66	2.93	1.86	10.29	2.11	1.09
6.94	5.38	8.91	6.92	9.13	10.29	8.86	7.20

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.69%	1.71%	2.46%
Direct wages	18.10	16.30	20.61
General factory salaries and wages	2.31	1.26	0.22
Packing, shipping and delivery wages	0.97	0.63	0.33
Payroll taxes	1.62	1.38	1.16
Employee benefits	2.38	2.28	1.20
TOTAL FACTORY PAYROLL	27.07	23.56	25.98
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.34	0.33	0.15
Depreciation - other	3.17	2.97	5.06
Taxes - real estate	0.27	0.18	0.25
Taxes - other	0.21	0.13	0.17
Insurance	0.31	0.31	0.51
Building rent	0.90	0.85	1.37
Utilities - heat, light, etc.	1.28	1.12	1.08
Equipment rental	0.44	0.24	0.31
Total Fixed Expenses	6.92	6.13	8.90
Other Expenses			
Factory supplies and expense	2.03	1.91	1.59
Packing, shipping and delivery expense	0.94	1.22	0.73
Repairs and maintenance	1.51	1.55	1.59
Other factory expenses	0.73	0.30	0.27
Total Other Expenses	5.21	4.98	4.18
TOTAL FACTORY EXPENSES	12.13	11.11	13.08
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.01	2.08	4.33
Salaries - office	1.80	1.34	1.64
Payroll taxes	0.24	0.22	0.28
Employee benefits	0.52	0.43	0.26
Bad debts	0.44	0.40	0.20
Office supplies and expenses	0.43	0.64	1.47
Professional fees	0.46	0.46	0.29
Taxes - business	0.10	0.20	0.16
Telephone	0.46	0.57	0.65
Other administrative expenses	1.28	0.84	0.91
TOTAL ADMINISTRATIVE EXPENSES	7.74	7.18	10.19
SELLING EXPENSES			
Salaries - executive	1.19	1.04	1.11
Salaries and commissions - salesmen	3.76	3.51	2.11
Salaries - sales office clerical	0.58	0.45	0.00
Payroll taxes	0.25	0.19	0.09
Employee benefits	0.33	0.37	0.06
Advertising	0.28	0.19	0.60
Travel and entertainment	0.75	0.75	0.22
Other selling expenses	0.67	0.43	1.25
TOTAL SELLING EXPENSES	7.81	6.93	5.44

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.77%	1.45%	1.61%	1.57%	1.51%	1.08%	1.87%	1.62%
18.14	17.47	17.82	15.59	19.10	19.36	13.50	13.60
2.65	0.76	1.99	0.78	2.29	2.51	3.30	2.46
1.11	1.30	0.75	0.37	1.18	0.74	0.76	0.73
1.68	1.39	1.62	1.39	1.62	1.94	1.53	1.41
2.29	3.83	2.15	1.34	2.81	3.34	2.84	3.00
27.64	26.20	25.94	21.04	28.51	28.97	23.80	22.82
0.46	0.42	0.15	0.18	0.42	0.76	0.26	0.40
2.77	3.71	3.94	3.21	2.86	2.04	1.96	1.81
0.31	0.09	0.28	0.19	0.22	0.34	0.18	0.18
0.14	0.23	0.27	0.15	0.29	0.22	0.01	0.00
0.40	0.61	0.26	0.35	0.27	0.13	0.11	0.12
1.07	1.20	1.12	1.26	0.46	0.00	0.39	0.42
1.21	1.07	1.34	1.04	1.31	1.84	1.45	0.86
0.74	0.15	0.25	0.04	0.34	1.30	0.11	0.20
7.10	7.48	7.61	6.42	6.17	6.63	4.47	3.99
2.20	2.53	1.86	2.10	1.94	1.28	2.45	1.91
1.06	1.29	0.80	1.06	0.84	0.12	1.51	2.66
1.57	1.66	1.67	1.86	1.33	1.61	1.15	0.95
0.73	0.09	0.83	0.32	0.79	0.45	0.40	0.48
5.56	5.57	5.16	5.34	4.90	3.46	5.51	6.00
12.66	13.05	12.77	11.76	11.07	10.09	9.98	9.99
2.51	2.03	1.87	2.79	1.24	0.91	1.50	1.57
2.03	2.01	1.65	1.66	1.86	0.77	0.99	0.76
0.34	0.31	0.21	0.30	0.17	0.07	0.14	0.10
0.69	0.73	0.48	0.43	0.39	0.36	0.46	0.33
0.44	0.03	0.40	0.52	0.56	0.62	0.26	0.44
0.60	0.58	0.26	0.35	0.27	0.29	0.29	0.33
0.46	0.42	0.55	0.45	0.38	0.81	0.38	0.44
0.08	0.11	0.12	0.23	0.10	0.14	0.13	0.26
0.60	0.67	0.40	0.51	0.35	0.45	0.37	0.42
1.42	0.59	1.17	0.60	1.22	0.80	1.46	1.94
9.17	7.48	7.11	7.84	6.54	5.22	5.98	6.59
1.29	0.88	1.44	0.79	0.85	3.61	0.88	0.41
3.68	2.19	3.46	3.68	4.46	1.74	3.79	4.43
0.61	0.81	0.41	0.23	0.84	1.23	0.51	0.24
0.28	0.26	0.27	0.22	0.24	0.18	0.18	0.12
0.24	0.50	0.35	0.18	0.43	1.25	0.44	0.23
0.34	0.19	0.20	0.19	0.25	0.47	0.16	0.05
0.86	0.60	0.74	1.01	0.69	0.86	0.84	0.45
0.59	0.32	0.57	0.16	0.77	0.56	0.87	1.16
7.89	5.75	7.44	6.46	8.53	9.90	7.67	7.09

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	5.73%	13.97%	18.47%
Receivables	32.51	30.70	25.45
Inventories	15.02	13.62	11.62
Other current assets	3.85	5.41	1.17
TOTAL CURRENT ASSETS	57.11	63.70	56.71
FIXED ASSETS			
Real estate	13.20	10.00	7.06
Less: Accumulated depreciation	3.35	2.22	3.60
	9.85	7.78	3.46
Machinery and equipment	62.33	51.19	88.08
Less: Accumulated depreciation	34.29	29.06	49.00
	28.04	22.13	39.08
Other fixed assets	5.50	5.68	1.18
Less: Accumulated depreciation	3.15	3.16	0.78
	2.35	2.52	0.40
NET FIXED ASSETS	40.24	32.43	42.94
OTHER ASSETS	2.65	3.87	0.35
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.36	2.54	5.02
Accounts payable	14.77	13.16	9.06
Other current liabilities	9.18	8.76	6.71
TOTAL CURRENT LIABILITIES	34.31	24.46	20.79
LONG-TERM LIABILITIES	27.28	13.83	24.36
TOTAL LIABILITIES	61.59	38.29	45.15
SHAREHOLDERS' AND PROPRIETORS' EQUITY	38.41	61.71	54.85
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.66	2.60	2.73
QUICK RATIO	1.23	2.05	2.17
TOTAL LIABILITIES TO EQUITY	1.60	0.62	0.82
LONG-TERM LIABILITIES TO EQUITY	0.71	0.22	0.44
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.55	0.57	0.56

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
6.96%	15.01%	6.25%	14.73%	2.17%	0.87%	2.97%	4.65%
32.17	28.98	31.88	28.67	34.55	34.88	33.33	35.94
14.83	10.23	15.77	15.57	14.94	15.65	15.13	15.65
3.37	2.36	4.57	5.32	3.94	10.59	4.56	7.01
57.33	56.58	58.47	64.29	55.60	61.99	55.99	63.25
13.61	15.03	8.87	8.22	18.94	11.04	11.02	11.75
3.80	3.37	1.76	1.37	4.75	5.82	2.29	1.38
9.81	11.66	7.11	6.85	14.19	5.22	8.73	10.37
62.96	68.22	65.77	53.41	57.70	52.67	45.04	37.24
35.44	41.57	36.81	32.08	31.21	25.79	18.93	18.29
27.52	26.65	28.96	21.33	26.49	26.88	26.11	18.95
8.60	8.48	4.44	7.19	3.79	2.85	2.92	3.15
5.13	5.04	2.29	3.94	2.24	1.61	1.38	1.57
3.47	3.44	2.15	3.25	1.55	1.24	1.54	1.58
40.80	41.75	38.22	31.43	42.23	33.34	36.38	30.90
1.87	1.67	3.31	4.28	2.17	4.67	7.63	5.85
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
10.31	2.24	11.29	2.94	11.00	3.97	6.88	1.81
15.69	13.49	16.17	13.43	12.94	8.61	14.28	14.75
8.41	0.85	9.42	7.35	9.62	17.94	12.30	16.49
34.41	16.58	36.88	23.72	33.56	30.52	33.46	33.05
28.76	8.71	22.92	14.67	31.09	24.48	25.18	14.50
63.17	25.29	59.80	38.39	64.65	55.00	58.64	47.55
36.83	74.71	40.20	61.61	35.35	45.00	41.36	52.45
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.67	3.41	1.59	2.71	1.66	2.03	1.67	1.91
1.24	2.80	1.16	2.05	1.21	1.52	1.22	1.44
1.72	0.34	1.49	0.62	1.83	1.22	1.42	0.91
0.78	0.12	0.57	0.24	0.88	0.54	0.61	0.28
0.56	0.61	0.56	0.60	0.54	0.49	0.42	0.49

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 43,693	$ 49,436	$ 32,686
Average assets per factory employee (Excluding Executives)	58,482	63,706	45,300
Average net worth per employee - All employees	17,138	29,531	18,539
Average gross plant investment per factory employee (Excluding Executives)	46,144	41,952	39,932
Net worth percentage of fixed assets	121.18%	233.81%	216.29%
EMPLOYEES			
Percent factory - All employees	79.34%	81.78%	79.95%
Percent administrative - All employees	10.55	9.32	13.58
Percent sales - All employees	10.11	8.90	6.47
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 77,546	$ 89,007	$ 53,564
Sales per factory employee	99,103	108,647	67,382
Sales less material per factory employee	57,497	63,053	40,632
Sales per administrative employee	927,652	1,331,422	598,922
EXCLUDING EXECUTIVES			
Sales per employee - All employees	84,208	96,781	64,351
Sales per factory employee	104,127	114,623	74,541
Sales less material per factory employee	60,435	66,500	44,796
SALES PER SALESMAN	784,663	1,075,410	144,000
SALES TO CURRENT ASSETS	349%	310%	353%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	37.76%	33.21%	35.86%
Factory payroll percentage of gross plant investment	68.88	73.02	60.80
Payroll per employee - All employees	$ 28,327	$ 28,384	$ 18,332
Payroll per factory employee	25,424	24,345	16,668
Payroll per administrative employee	33,533	38,043	22,858
Payroll per sales employee	49,114	61,352	23,878
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 22,290	$ 21,932	$ 15,248
Payroll per factory employee	20,991	19,891	14,999
Payroll per administrative employee	16,862	16,734	11,326
Payroll per sales employee	40,617	50,036	39,415
EXECUTIVE PAYROLL			
Payroll per executive - All executives	50,712	53,018	25,493
Payroll per factory executive	31,720	29,647	23,447
Payroll per administrative executive	63,623	71,891	27,323
Payroll per sales executive	59,238	71,952	14,236
RECEIVABLES			
Collection period	66.3	65.1	59.5
PROFIT			
Gross profit percentage of sales	20.31%	25.56%	22.24%
Average gross profit per factory employee	$ 21,340	$ 28,492	$ 16,752
Income before taxes percentage of sales	3.36%	12.01%	6.50%
Average income before taxes per employee	$ 2,870	$ 10,656	$ 3,051

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 34,207	$ 33,076	$ 47,432	$ 50,305	$ 48,825	$ 59,726	$ 66,058	$ 60,661
46,731	41,981	64,006	67,344	64,302	68,398	83,894	75,051
13,404	24,409	19,315	30,653	17,355	27,942	26,527	32,163
41,169	38,958	49,529	46,385	49,354	48,700	49,029	39,423
123.46%	238.87%	128.60%	231.31%	95.00%	148.47%	122.01%	170.85%
77.75%	81.18%	79.11%	78.97%	80.61%	89.96%	83.80%	84.68%
12.01	10.31	10.39	12.74	9.29	4.15	6.34	5.71
10.24	8.51	10.50	8.29	10.10	5.89	9.86	9.61
$ 65,219	$ 75,993	$ 81,904	$ 84,562	$ 83,202	$ 93,218	$ 119,864	$ 124,696
85,584	94,427	104,873	107,461	105,401	103,564	143,927	146,621
52,562	62,068	58,415	59,397	61,157	69,811	77,243	78,037
622,142	762,844	943,708	681,178	1,060,374	2,255,699	2,276,213	2,844,495
71,187	82,084	89,898	93,284	88,373	99,108	127,850	132,556
89,527	98,492	110,544	113,129	110,037	106,664	152,398	154,876
55,014	64,619	61,723	62,811	63,757	71,453	81,866	82,286
502,547	379,671	755,190	976,020	947,451	2,142,857	1,781,134	1,653,429
382%	465%	324%	277%	335%	261%	337%	324%
39.31%	35.93%	36.08%	31.31%	38.99%	39.08%	32.69%	31.02%
74.00	72.18	62.19	55.71	69.40	90.84	74.41	86.23
$ 25,019	$ 27,236	$ 29,229	$ 26,054	$ 31,203	$ 35,921	$ 37,468	$ 34,591
22,649	24,382	26,246	21,864	27,972	29,834	32,424	29,941
31,591	37,726	33,678	36,015	33,655	45,743	50,756	45,639
40,014	45,357	47,888	55,460	62,093	118,899	68,708	67,515
$ 19,478	$ 20,279	$ 22,768	$ 20,447	$ 25,229	$ 25,674	$ 28,346	$ 27,091
18,732	19,144	21,732	18,428	23,039	23,786	25,705	23,566
15,154	19,732	17,337	16,346	18,870	22,368	19,521	16,460
30,544	31,466	39,425	50,448	52,234	75,059	55,594	61,972
43,772	45,438	47,810	44,602	58,833	97,627	86,851	63,170
30,591	36,267	29,792	26,321	32,788	20,713	48,517	41,623
51,721	54,299	55,118	55,766	70,773	89,054	167,374	134,631
39,189	60,646	58,887	52,222	75,679	151,641	136,633	100,155
59.0	45.7	68.4	66.4	74.3	80.5	69.0	65.4
22.02%	25.83%	17.83%	23.77%	19.98%	28.71%	22.41%	26.42%
$ 20,059	$ 26,276	$ 19,998	$ 26,532	$ 22,528	$ 30,053	$ 33,210	$ 37,241
3.25%	13.10%	2.22%	10.32%	3.21%	12.96%	8.00%	12.56%
$ 2,408	$ 10,316	$ 1,951	$ 8,593	$ 2,861	$ 11,931	$ 9,932	$ 16,047

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 3.11	$ 8.66	$15.34
Receivables	17.53	17.16	15.89
Inventories	8.03	7.41	5.42
Marketable securities	0.86	2.16	0.54
Other current assets	1.31	1.13	0.17
	30.84	36.52	37.36
Plant Investment:			
Land and building	8.64	6.42	5.32
Machinery and equipment	34.24	29.29	47.78
Other fixed assets	2.86	3.09	0.89
	45.74	38.80	53.99
Non-Current Assets	1.43	2.24	0.26
TOTAL INVESTMENT	78.01	77.56	91.61
INVESTMENT TURNOVER PER $100 OF SALES	128.19%	128.93%	109.16%
EARNINGS			
Cost of Product	$79.69	$74.44	$77.76
Selling Expenses	7.81	6.93	5.44
Administrative Expenses	7.74	7.18	10.19
	95.24	88.55	93.39
Income Before Interest, Other Income, and Taxes	4.76	11.45	6.61
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.10%	14.76%	7.22%

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 2.99	$ 5.55	$ 3.65	$ 8.70	$ 1.13	$ 0.51	$ 1.70	$ 2.64
15.42	11.90	18.13	17.17	19.76	21.72	18.39	17.44
7.51	4.22	8.85	9.06	8.16	9.95	8.33	7.53
0.30	0.49	1.53	2.53	0.69	2.18	1.85	3.70
1.36	0.35	1.33	1.08	1.48	4.04	0.86	0.46
27.58	22.51	33.49	38.54	31.22	38.40	31.13	31.77
9.41	9.16	5.93	6.04	11.68	7.44	6.28	6.00
32.80	30.14	37.27	32.84	32.59	35.44	26.08	19.06
4.13	3.53	2.61	4.34	1.99	1.70	1.69	1.67
46.34	42.83	45.81	43.22	46.26	44.58	34.05	26.73
0.79	0.69	1.99	2.78	1.15	2.45	4.47	3.15
74.71	66.03	81.29	84.54	78.63	85.43	69.65	61.65
133.85%	151.45%	123.02%	118.29%	127.18%	117.05%	143.58%	162.21%
$77.98	$74.17	$82.17	$76.23	$80.02	$71.29	$77.59	$73.58
7.89	5.75	7.44	6.46	8.53	9.90	7.67	7.09
9.17	7.48	7.11	7.84	6.54	5.22	5.98	6.59
95.04	87.40	96.72	90.53	95.09	86.41	91.24	87.26
4.96	12.60	3.28	9.47	4.91	13.59	8.76	12.74
6.64%	19.08%	4.04%	11.20%	6.24%	15.91%	12.58%	20.67%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	44.51	37.01	54.00
FACTORY EXPENSES	21.01	18.32	21.19
TOTAL FACTORY COST OF PRODUCT	65.52	55.33	75.19
GROSS PROFIT	34.48	44.67	24.81
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	13.07	10.33	13.10
Selling expenses	14.01	12.12	6.57
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	27.08	22.45	19.67
INCOME BEFORE INTEREST EXPENSE	7.40	22.22	5.14
Interest expense	3.87	0.67	5.48
OPERATING INCOME (LOSS)	3.53	21.55	(0.34)
Other income	1.12	2.04	1.02
INCOME BEFORE INCOME TAXES	4.65	23.59	0.68

** Sample insufficient for Profit Leaders.

NEWSPAPER**	FINANCIAL		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
X	X	X	X	X	X
X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
49.61	41.34	39.65	47.61	35.64	44.41
18.79	17.09	13.19	18.37	21.15	19.52
68.40	58.43	52.84	65.98	56.79	63.93
31.60	41.57	47.16	34.02	43.21	36.07
11.72	13.43	13.55	13.00	14.66	12.70
11.54	12.70	14.87	10.95	11.42	14.41
23.26	26.13	28.42	23.95	26.08	27.11
8.34	15.44	18.74	10.07	17.13	8.96
3.03	2.94	2.32	2.77	1.67	3.17
5.31	12.50	16.42	7.30	15.46	5.79
2.01	0.47	0.38	2.45	3.26	1.92
7.32	12.97	16.80	9.75	18.72	7.71

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.75%	3.22%	1.55%
Direct wages	29.40	27.24	41.56
General factory salaries and wages	4.35	1.56	1.70
Packing, shipping and delivery wages	1.60	0.62	0.93
Payroll taxes	2.60	1.85	3.69
Employee benefits	3.81	2.52	4.57
TOTAL FACTORY PAYROLL	44.51	37.01	54.00
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.45	0.36	2.42
Depreciation - other	5.76	5.16	4.10
Taxes - real estate	0.50	0.29	0.15
Taxes - other	0.40	0.13	0.15
Insurance	0.48	0.34	0.46
Building rent	1.62	1.74	1.47
Utilities - heat, light, etc.	2.32	1.62	1.77
Equipment rental	0.72	0.15	0.08
Total Fixed Expenses	12.25	9.79	10.60
Other Expenses			
Factory supplies and expense	3.37	3.41	4.52
Packing, shipping and delivery expense	1.59	2.27	1.76
Repairs and maintenance	2.58	2.47	2.44
Other factory expenses	1.22	0.38	1.87
Total Other Expenses	8.76	8.53	10.59
TOTAL FACTORY EXPENSES	21.01	18.32	21.19
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.37	2.95	3.44
Salaries - office	3.17	1.94	3.01
Payroll taxes	0.39	0.29	0.44
Employee benefits	0.93	0.55	0.81
Bad debts	0.67	0.29	2.63
Office supplies and expenses	0.70	1.66	0.40
Professional fees	0.76	0.53	0.60
Taxes - business	0.16	0.46	0.41
Telephone	0.69	0.73	0.67
Other administrative expenses	2.23	0.93	0.69
TOTAL ADMINISTRATIVE EXPENSES	13.07	10.33	13.10
SELLING EXPENSES			
Salaries - executive	2.14	1.22	0.26
Salaries and commissions - salesmen	7.08	8.19	3.04
Salaries - sales office clerical	0.85	0.37	0.65
Payroll taxes	0.41	0.27	0.23
Employee benefits	0.57	0.34	0.46
Advertising	0.45	0.19	0.16
Travel and entertainment	1.25	1.11	0.75
Other selling expenses	1.26	0.43	1.02
TOTAL SELLING EXPENSES	14.01	12.12	6.57

** Sample insufficient for Profit Leaders.

NEWSPAPER**	FINANCIAL		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
2.47%	2.12%	1.54%	4.09%	2.43%	3.17%
34.50	26.96	23.91	31.99	25.29	28.54
2.04	3.92	4.61	3.16	1.80	2.75
3.66	1.08	1.21	1.34	1.08	1.28
2.27	2.92	2.82	2.77	2.34	3.32
4.67	4.34	5.56	4.26	2.70	5.35
49.61	41.34	39.65	47.61	35.64	44.41
0.79	0.51	0.77	0.40	0.41	0.91
6.52	2.47	1.28	4.32	5.88	3.59
0.30	0.08	0.11	0.68	0.58	0.56
0.20	0.28	0.27	0.07	0.07	0.20
0.57	0.29	0.28	0.81	0.79	0.71
1.00	1.02	0.39	1.13	1.47	1.84
1.34	1.01	1.20	2.13	2.47	1.87
0.07	0.87	1.24	0.36	0.43	2.97
10.79	6.53	5.54	9.90	12.10	12.65
3.14	2.66	2.26	3.52	3.51	3.24
2.06	2.66	3.61	0.81	0.96	0.95
2.56	1.78	1.06	3.35	3.61	1.18
0.24	3.46	0.72	0.79	0.97	1.50
8.00	10.56	7.65	8.47	9.05	6.87
18.79	17.09	13.19	18.37	21.15	19.52
2.69	3.36	2.98	3.38	4.08	2.91
2.27	1.20	1.54	3.45	3.87	2.73
0.42	0.32	0.17	0.48	0.61	0.46
0.67	0.56	0.74	1.08	0.66	0.57
0.80	0.84	1.19	0.81	1.44	0.52
0.85	0.63	0.62	0.80	0.56	0.90
0.78	0.99	1.34	0.86	0.80	0.77
0.13	0.22	0.33	0.21	0.15	0.12
1.31	1.12	0.92	0.91	1.22	0.66
1.80	4.19	3.72	1.02	1.27	3.06
11.72	13.43	13.55	13.00	14.66	12.70
1.62	2.39	3.58	1.25	1.49	2.49
3.95	4.86	3.93	5.34	6.29	6.28
2.04	0.99	1.49	1.20	0.43	1.27
0.39	0.34	0.30	0.48	0.41	0.75
0.47	1.10	1.62	0.34	0.30	0.47
0.55	0.48	0.60	0.31	0.34	0.94
1.05	0.92	0.93	1.69	1.92	1.94
1.47	1.62	2.42	0.34	0.24	0.27
11.54	12.70	14.87	10.95	11.42	14.41

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	26.57	28.45	26.81
Other chargeable materials	6.12	8.65	5.94
Outside services	8.52	5.82	5.35
TOTAL MATERIALS	41.21	42.92	38.10
FACTORY PAYROLL	26.21	21.20	33.85
FACTORY EXPENSES	12.35	10.70	12.78
TOTAL FACTORY COST OF PRODUCT	79.77	74.82	84.73
GROSS PROFIT	20.23	25.18	15.27
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	7.74	6.09	7.83
Selling expenses	8.18	6.77	4.13
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.92	12.86	11.96
INCOME BEFORE INTEREST EXPENSE	4.31	12.32	3.31
Interest expense	2.26	0.36	3.27
OPERATING INCOME	2.05	11.96	0.04
Other income	0.62	1.13	0.59
INCOME BEFORE INCOME TAXES	2.67	13.09	0.63

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	2.39%	2.79%	2.85%
Film	1.23	0.88	1.62
Plates	1.20	1.65	1.36
Other chargeable materials	1.30	3.33	0.11
TOTAL OTHER CHARGEABLE MATERIALS	6.12	8.65	5.94
OUTSIDE SERVICES			
Composition	1.07	0.24	0.22
Offset preparation	1.59	0.78	0.75
Printing	1.34	1.46	0.32
Binding	2.64	2.02	3.75
Other outside services	1.88	1.32	0.31
TOTAL OUTSIDE SERVICES	8.52	5.82	5.35

** Sample insufficient for Profit Leaders.

NEWSPAPER**	FINANCIAL		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
29.05	9.46	10.39	29.96	29.19	24.48
5.31	1.15	1.72	7.75	5.92	3.18
2.60	9.67	5.80	9.47	11.86	6.57
36.96	20.28	17.91	47.18	46.97	34.23
30.52	32.88	32.57	25.23	19.03	29.56
12.03	13.43	10.81	9.69	11.11	12.82
79.51	66.59	61.29	82.10	77.11	76.61
20.49	33.41	38.71	17.90	22.89	23.39
7.57	10.70	11.10	6.80	7.75	8.32
7.83	10.24	12.22	5.81	6.23	9.37
15.40	20.94	23.32	12.61	13.98	17.69
5.09	12.47	15.39	5.29	8.91	5.70
1.83	2.31	1.90	1.39	0.83	2.10
3.26	10.16	13.49	3.90	8.08	3.60
1.25	0.37	0.32	1.29	1.69	1.22
4.51	10.53	13.81	5.19	9.77	4.82
1.60%	0.08%	0.12%	2.63%	3.69%	1.14%
1.69	0.17	0.26	1.39	0.80	0.30
1.29	0.16	0.24	1.93	1.14	1.00
0.73	0.74	1.10	1.80	0.29	0.74
5.31	1.15	1.72	7.75	5.92	3.18
0.12	3.00	1.80	0.29	0.00	0.47
1.08	0.00	0.00	0.41	0.00	0.11
0.87	3.24	1.93	0.23	0.00	2.62
0.08	2.24	1.35	5.63	0.00	0.25
0.45	1.19	0.72	2.91	11.86	3.12
2.60	9.67	5.80	9.47	11.86	6.57

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.63%	1.87%	0.93%
Direct wages	17.33	15.71	26.13
General factory salaries and wages	2.56	0.81	1.05
Packing, shipping and delivery wages	0.94	0.35	0.52
Payroll taxes	1.55	1.11	2.31
Employee benefits	2.20	1.35	2.91
TOTAL FACTORY PAYROLL	26.21	21.20	33.85
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.27	0.20	1.24
Depreciation - other	3.34	3.02	2.68
Taxes - real estate	0.28	0.16	0.09
Taxes - other	0.24	0.09	0.10
Insurance	0.29	0.22	0.29
Building rent	0.97	1.08	0.76
Utilities - heat, light, etc.	1.36	0.96	1.07
Equipment rental	0.44	0.07	0.06
Total Fixed Expenses	7.19	5.80	6.29
Other Expenses			
Factory supplies and expense	1.98	1.96	2.79
Packing, shipping and delivery expense	0.95	1.29	0.93
Repairs and maintenance	1.52	1.45	1.47
Other factory expenses	0.71	0.20	1.30
Total Other Expenses	5.16	4.90	6.49
TOTAL FACTORY EXPENSES	12.35	10.70	12.78
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.02	1.71	2.05
Salaries - office	1.89	1.18	1.79
Payroll taxes	0.24	0.18	0.25
Employee benefits	0.54	0.32	0.50
Bad debts	0.37	0.15	1.55
Office supplies and expenses	0.42	0.99	0.23
Professional fees	0.44	0.32	0.37
Taxes - business	0.09	0.27	0.24
Telephone	0.41	0.44	0.41
Other administrative expenses	1.32	0.53	0.44
TOTAL ADMINISTRATIVE EXPENSES	7.74	6.09	7.83
SELLING EXPENSES			
Salaries - executive	1.27	0.71	0.18
Salaries and commissions - salesmen	4.10	4.52	1.87
Salaries - sales office clerical	0.49	0.19	0.42
Payroll taxes	0.25	0.16	0.14
Employee benefits	0.33	0.20	0.31
Advertising	0.27	0.11	0.10
Travel and entertainment	0.73	0.63	0.49
Other selling expenses	0.74	0.25	0.62
TOTAL SELLING EXPENSES	8.18	6.77	4.13

** Sample insufficient for Profit Leaders.

NEWSPAPER**	FINANCIAL		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
1.56%	1.66%	1.26%	2.23%	1.39%	2.09%
21.20	21.35	19.65	16.76	13.15	18.97
1.23	3.16	3.79	1.74	1.06	1.87
2.21	0.87	0.99	0.72	0.64	0.87
1.41	2.32	2.32	1.45	1.23	2.23
2.91	3.52	4.56	2.33	1.56	3.53
30.52	32.88	32.57	25.23	19.03	29.56
0.51	0.42	0.64	0.22	0.23	0.61
4.14	1.91	1.05	2.34	3.13	2.31
0.19	0.06	0.09	0.35	0.29	0.36
0.14	0.23	0.22	0.04	0.04	0.14
0.34	0.23	0.23	0.41	0.36	0.46
0.58	0.78	0.32	0.58	0.77	1.17
0.84	0.82	0.98	1.12	1.29	1.25
0.04	0.72	1.02	0.17	0.23	1.96
6.78	5.17	4.55	5.23	6.34	8.26
2.06	2.10	1.86	1.91	1.84	2.15
1.43	2.15	2.94	0.45	0.57	0.62
1.59	1.38	0.87	1.73	1.91	0.80
0.17	2.63	0.59	0.37	0.45	0.99
5.25	8.26	6.26	4.46	4.77	4.56
12.03	13.43	10.81	9.69	11.11	12.82
1.71	2.67	2.44	1.84	2.32	1.89
1.43	0.97	1.26	1.73	1.80	1.78
0.29	0.25	0.14	0.25	0.32	0.30
0.44	0.46	0.61	0.56	0.36	0.36
0.48	0.69	0.98	0.44	0.83	0.34
0.59	0.50	0.51	0.41	0.28	0.58
0.50	0.81	1.10	0.43	0.41	0.51
0.08	0.18	0.27	0.12	0.09	0.08
0.89	0.88	0.75	0.49	0.68	0.43
1.16	3.29	3.04	0.53	0.66	2.05
7.57	10.70	11.10	6.80	7.75	8.32
1.08	1.97	2.95	0.67	0.83	1.64
2.71	3.84	3.22	2.77	3.37	4.07
1.48	0.82	1.23	0.67	0.26	0.81
0.28	0.27	0.25	0.24	0.23	0.49
0.33	0.90	1.33	0.19	0.18	0.30
0.38	0.39	0.50	0.18	0.21	0.62
0.67	0.73	0.76	0.90	1.01	1.26
0.90	1.32	1.98	0.19	0.14	0.18
7.83	10.24	12.22	5.81	6.23	9.37

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	6.05%	18.46%	2.23%
Receivables	31.75	27.51	36.44
Inventories	14.75	11.09	16.07
Other current assets	3.94	7.21	2.39
TOTAL CURRENT ASSETS	56.49	64.27	57.13
FIXED ASSETS			
Real estate	12.30	6.02	12.38
Less: Accumulated depreciation	2.91	0.99	5.78
	9.39	5.03	6.60
Machinery and equipment	63.12	47.78	71.36
Less: Accumulated depreciation	34.28	24.63	38.29
	28.84	23.15	33.07
Other fixed assets	5.40	4.75	6.48
Less: Accumulated depreciation	2.97	2.49	3.90
	2.43	2.26	2.58
NET FIXED ASSETS	40.66	30.44	42.25
OTHER ASSETS	2.85	5.29	0.62
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	11.06	2.59	8.58
Accounts payable	15.04	14.02	17.40
Other current liabilities	9.38	7.05	9.81
TOTAL CURRENT LIABILITIES	35.48	23.66	35.79
LONG-TERM LIABILITIES	27.69	9.35	33.43
TOTAL LIABILITIES	63.17	33.01	69.22
SHAREHOLDERS' AND PROPRIETORS' EQUITY	36.83	66.99	30.78
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.59	2.72	1.60
QUICK RATIO	1.18	2.25	1.15
TOTAL LIABILITIES TO EQUITY	1.72	0.49	2.25
LONG-TERM LIABILITIES TO EQUITY	0.75	0.14	1.09
ACCUMULATED DEPRECIATION-MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.54	0.52	0.54

** Sample insufficient for Profit Leaders.

NEWSPAPER**	FINANCIAL		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
0.43%	2.25%	3.35%	3.99%	8.74%	11.29%
25.39	38.54	36.34	39.69	37.85	33.90
9.10	12.55	14.74	20.30	19.34	18.13
5.95	5.65	7.99	2.78	2.73	1.78
40.87	58.99	62.42	66.76	68.66	65.10
29.37	8.23	12.35	9.92	7.51	16.79
8.54	2.14	3.21	3.42	2.26	2.13
20.83	6.09	9.14	6.50	5.25	14.66
72.06	38.04	29.67	56.86	58.77	59.02
37.00	18.27	14.83	33.32	35.47	40.52
35.06	19.77	14.84	23.54	23.30	18.50
5.25	3.70	5.55	4.91	6.35	10.15
3.09	1.71	2.57	3.16	3.90	7.28
2.16	1.99	2.98	1.75	2.45	2.87
58.05	27.85	26.96	31.79	31.00	36.03
1.08	13.16	10.62	1.45	0.34	(1.13)
100.00	100.00	100.00	100.00	100.00	100.00
1.48	10.83	1.29	14.04	2.70	5.27
12.18	6.94	5.41	19.10	16.40	9.28
7.92	15.91	21.82	7.99	9.80	5.42
21.58	33.68	28.52	41.13	28.90	19.97
24.20	43.66	28.27	17.91	13.80	31.92
45.78	77.34	56.79	59.04	42.70	51.89
54.22	22.66	43.21	40.96	57.30	48.11
100.00	100.00	100.00	100.00	100.00	100.00
1.89	1.75	2.19	1.62	2.38	3.26
1.47	1.38	1.67	1.13	1.71	2.35
0.84	3.41	1.31	1.44	0.75	1.08
0.45	1.93	0.65	0.44	0.24	0.66
0.51	0.48	0.50	0.59	0.60	0.69

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 45,902	$ 52,270	$ 37,178
Average assets per factory employee (Excluding Executives)	62,086	68,696	44,378
Average net worth per employee - All employees	17,203	33,018	10,367
Average gross plant investment per factory employee (Excluding Executives)	48,854	39,151	38,466
Net worth percentage of fixed assets	115.68%	263.72%	90.57%
EMPLOYEES			
Percent factory - All employees	78.52%	81.00%	85.75%
Percent administrative - All employees	11.10	8.78	9.58
Percent sales - All employees	10.38	10.22	4.67
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 81,213	$ 97,408	$ 65,104
Sales per factory employee	104,726	118,883	76,378
Sales less material per factory employee	60,111	65,103	46,233
Sales per administrative employee	962,436	1,670,547	732,156
EXCLUDING EXECUTIVES			
Sales per employee - All employees	88,311	106,220	68,288
Sales per factory employee	110,148	126,785	78,195
Sales less material per factory employee	63,249	69,383	47,323
SALES PER SALESMAN	779,745	917,729	537,873
SALES TO CURRENT ASSETS	349%	303%	335%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	37.33%	30.38%	41.36%
Factory payroll percentage of gross plant investment	66.26	72.72	75.84
Payroll per employee - All employees	$ 29,401	$ 28,018	$ 26,318
Payroll per factory employee	26,187	24,002	25,033
Payroll per administrative employee	33,977	34,890	31,162
Payroll per sales employee	51,852	57,102	29,310
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 23,233	$ 22,846	$ 21,254
Payroll per factory employee	21,727	20,285	21,031
Payroll per administrative employee	17,112	14,879	17,477
Payroll per sales employee	41,715	49,836	24,372
EXECUTIVE PAYROLL			
Payroll per executive - All executives	53,128	45,546	43,503
Payroll per factory executive	32,538	33,127	23,230
Payroll per administrative executive	67,018	63,809	47,280
Payroll per sales executive	65,451	75,872	18,100
RECEIVABLES			
Collection period	65.4	56.6	71.2
PROFIT			
Gross profit percentage of sales	20.23%	25.18%	15.27%
Average gross profit per factory employee	$ 22,404	$ 30,648	$ 11,714
Income before taxes percentage of sales	2.67%	13.09%	0.63%
Average income before taxes per employee	$ 2,495	$ 12,629	$ 261

** Sample insufficient for Profit Leaders.

NEWSPAPER**	FINANCIAL		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 32,873	$ 35,961	$ 42,250	$ 40,864	$ 53,798	$ 34,947
42,490	43,490	51,157	53,455	69,884	50,715
18,204	10,573	18,015	18,396	30,283	16,143
45,950	21,357	24,324	38,602	52,361	39,974
100.70%	89.12%	164.80%	147.26%	234.21%	216.95%
80.43%	85.24%	84.64%	81.71%	79.99%	73.85%
8.13	6.31	6.92	9.80	11.66	10.20
11.44	8.45	8.44	8.49	8.35	15.95
$ 54,309	$ 69,935	$ 82,038	$ 78,178	$ 92,424	$ 63,369
68,780	82,144	96,763	97,055	116,017	86,877
43,518	66,194	79,459	49,556	59,732	56,647
733,425	1,244,600	1,417,216	921,113	1,111,141	626,326
58,633	74,106	86,631	84,884	99,637	69,501
71,774	84,630	99,414	102,464	120,512	91,290
45,530	68,175	81,622	52,485	62,329	59,502
323,185	0	0	1,188,941	1,570,321	416,801
465%	337%	317%	312%	257%	339%
40.28%	45.02%	46.00%	34.14%	28.70%	41.19%
51.75	128.72	133.23	77.37	51.90	72.24
$ 21,315	$ 31,918	$ 38,032	$ 25,456	$ 26,018	$ 25,618
20,502	27,008	31,645	22,658	21,457	24,377
24,301	48,265	53,859	34,927	38,409	27,723
31,629	71,430	92,553	46,206	62,756	30,025
$ 17,246	$ 22,895	$ 26,309	$ 19,770	$ 19,892	$ 19,245
17,051	21,248	24,350	18,489	17,536	18,804
13,475	16,408	19,431	17,927	20,040	15,458
42,526	50,614	62,303	38,248	50,993	23,171
30,194	83,664	106,692	44,015	52,419	40,580
32,750	25,376	21,499	31,823	28,875	28,579
31,842	126,842	169,218	55,524	57,198	45,091
26,255	70,022	105,034	50,663	63,009	51,121
57.9	74.9	71.2	75.7	87.5	62.8
20.49%	33.41%	38.71%	17.90%	22.89%	23.39%
$ 15,598	$ 29,843	$ 38,490	$ 18,632	$ 26,996	$ 21,967
4.51%	10.53%	13.81%	5.19%	9.77%	4.82%
$ 2,727	$ 8,272	$ 11,499	$ 4,370	$ 8,902	$ 3,239

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 3.28	$12.43	$ 1.22
Receivables	17.35	15.24	18.75
Inventories	7.99	5.88	8.75
Marketable securities	0.98	4.10	0.24
Other current assets	1.29	0.33	1.16
	30.89	37.98	30.12
Plant Investment:			
Land and building	8.25	3.49	6.36
Machinery and equipment	34.62	26.17	41.29
Other fixed assets	2.80	2.58	3.43
	45.67	32.24	51.08
Non-Current Assets	1.61	3.23	0.38
TOTAL INVESTMENT	78.17	73.45	81.58
INVESTMENT TURNOVER PER $100 OF SALES	127.93%	136.15%	122.58%
EARNINGS			
Cost of Product	$79.77	$74.82	$84.73
Selling Expenses	8.18	6.77	4.13
Administrative Expenses	7.74	6.09	7.83
	95.69	87.68	96.69
Income Before Interest, Other Income, and Taxes	4.31	12.32	3.31
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	5.51%	16.77%	4.06%

** Sample insufficient for Profit Leaders.

NEWSPAPER**	FINANCIAL		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 0.70	$ 1.15	$ 1.71	$ 1.62	$ 3.40	$ 4.65
14.19	19.80	18.70	20.15	22.76	16.84
5.18	6.45	7.59	10.17	11.26	8.48
0.72	0.00	0.00	0.50	1.09	1.37
1.95	2.93	4.16	1.07	0.92	(0.39)
22.74	30.33	32.16	33.51	39.43	30.95
18.67	4.21	6.32	5.68	5.86	12.00
42.99	19.54	15.30	29.72	36.74	27.40
3.05	1.90	2.85	2.55	3.75	4.55
64.71	25.65	24.47	37.95	46.35	43.95
0.53	6.75	5.46	0.67	0.19	(1.37)
87.98	62.73	62.09	72.13	85.97	73.53
113.66%	159.41%	161.06%	138.64%	116.32%	136.00%
$79.51	$66.59	$61.29	$82.10	$77.11	$76.61
7.83	10.24	12.22	5.81	6.23	9.37
7.57	10.70	11.10	6.80	7.75	8.32
94.91	87.53	84.61	94.71	91.09	94.30
5.09	12.47	15.39	5.29	8.91	5.70
5.79%	19.88%	24.79%	7.33%	10.36%	7.75%

CHAPTER 3 - BY PERCENTAGE OF WEB SALES

REPORT ON OPERATIONS - VALUE ADDED = 100%

	11% TO 21%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	45.15	45.30	34.60
FACTORY EXPENSES	15.86	21.38	19.67
TOTAL FACTORY COST OF PRODUCT	61.01	66.68	54.27
GROSS PROFIT	38.99	33.32	45.73
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	12.95	12.56	10.92
Selling expenses	8.74	13.83	12.66
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	21.69	26.39	23.58
INCOME BEFORE INTEREST EXPENSE	17.30	6.93	22.15
Interest expense	3.30	3.54	0.64
OPERATING INCOME	14.00	3.39	21.51
Other income	2.50	1.19	1.35
INCOME BEFORE INCOME TAXES	16.50	4.58	22.86

** Sample insufficient for Profit Leaders.

41% TO 61%		61% TO 81%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X
X	X	X	X
100.00%	100.00%	100.00%	100.00%
46.08	38.47	44.76	43.71
20.16	20.18	19.82	16.92
66.24	58.65	64.58	60.63
33.76	41.35	35.42	39.37
13.96	14.54	11.84	8.62
12.00	10.39	14.36	11.37
25.96	24.93	26.20	19.99
7.80	16.42	9.22	19.38
3.84	1.81	3.75	1.76
3.96	14.61	5.47	17.62
1.17	3.12	1.87	1.91
5.13	17.73	7.34	19.53

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	11% TO 21%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL			
Salaries - executive	4.21%	2.65%	2.25%
Direct wages	38.02	30.08	25.76
General factory salaries and wages	0.00	4.10	1.28
Packing, shipping and delivery wages	0.00	1.70	0.71
Payroll taxes	1.56	2.75	1.97
Employee benefits	1.36	4.02	2.63
TOTAL FACTORY PAYROLL	45.15	45.30	34.60
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.00	0.52	0.19
Depreciation - other	7.18	6.27	4.92
Taxes - real estate	0.00	0.52	0.27
Taxes - other	0.00	0.40	0.18
Insurance	0.33	0.54	0.44
Building rent	0.00	1.62	2.23
Utilities - heat, light, etc.	1.77	2.30	1.35
Equipment rental	0.16	0.52	0.18
Total Fixed Expenses	9.44	12.69	9.76
Other Expenses			
Factory supplies and expense	1.91	3.32	4.05
Packing, shipping and delivery expense	0.07	1.57	2.65
Repairs and maintenance	2.29	2.39	2.82
Other factory expenses	2.15	1.41	0.39
Total Other Expenses	6.42	8.69	9.91
TOTAL FACTORY EXPENSES	15.86	21.38	19.67
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.33	3.06	3.44
Salaries - office	1.38	3.37	2.55
Payroll taxes	0.12	0.44	0.37
Employee benefits	0.25	0.79	0.66
Bad debts	1.23	0.42	0.37
Office supplies and expenses	3.87	0.76	0.74
Professional fees	0.22	0.72	0.65
Taxes - business	0.37	0.21	0.41
Telephone	1.53	0.75	0.55
Other administrative expenses	0.65	2.04	1.18
TOTAL ADMINISTRATIVE EXPENSES	12.95	12.56	10.92
SELLING EXPENSES			
Salaries - executive	0.00	1.52	1.58
Salaries and commissions - salesmen	6.96	7.42	7.78
Salaries - sales office clerical	0.00	0.97	0.37
Payroll taxes	0.04	0.43	0.34
Employee benefits	0.00	0.58	0.37
Advertising	0.08	0.45	0.25
Travel and entertainment	0.86	1.35	1.47
Other selling expenses	0.80	1.11	0.50
TOTAL SELLING EXPENSES	8.74	13.83	12.66

** Sample insufficient for Profit Leaders.

41% TO 61%		61% TO 81%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.17%	2.89%	2.45%	2.09%
31.02	26.62	29.36	28.01
3.61	2.03	4.27	3.22
1.86	1.12	1.31	1.46
2.80	2.61	2.50	2.49
3.62	3.20	4.87	6.44
46.08	38.47	44.76	43.71
0.52	0.41	0.76	1.20
4.47	5.17	5.50	4.47
0.50	0.41	0.40	0.32
0.25	0.26	0.43	0.18
0.57	0.78	0.45	0.41
1.78	1.26	1.01	1.02
2.06	2.35	2.23	1.82
0.88	0.36	0.76	0.73
11.03	11.00	11.54	10.15
3.42	3.22	3.59	3.04
1.68	1.92	1.37	1.43
2.87	3.18	2.40	1.89
1.16	0.86	0.92	0.41
9.13	9.18	8.28	6.77
20.16	20.18	19.82	16.92
3.84	4.31	2.89	2.38
3.12	3.12	2.56	1.57
0.40	0.50	0.36	0.25
1.09	0.64	0.77	1.01
0.95	1.17	0.93	0.32
0.57	0.61	0.60	0.52
0.87	0.89	0.74	0.77
0.13	0.18	0.16	0.41
0.73	1.13	0.78	0.70
2.26	1.99	2.05	0.69
13.96	14.54	11.84	8.62
2.20	1.34	2.40	2.38
5.66	5.49	6.04	3.58
0.70	0.29	1.46	1.93
0.40	0.34	0.47	0.30
0.35	0.27	0.85	1.33
0.35	0.26	0.63	0.42
1.18	1.62	1.36	0.84
1.16	0.78	1.15	0.59
12.00	10.39	14.36	11.37

CHAPTER 3 - BY PERCENTAGE OF WEB SALES

REPORT ON OPERATIONS - SALES = 100%

	11% TO 21%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	24.84	25.04	28.00
Other chargeable materials	7.43	6.38	9.24
Outside services	1.21	8.63	6.37
TOTAL MATERIALS	33.48	40.05	43.61
FACTORY PAYROLL	30.29	27.29	19.55
FACTORY EXPENSES	10.94	12.89	11.48
TOTAL FACTORY COST OF PRODUCT	74.71	80.23	74.64
GROSS PROFIT	25.29	19.77	25.36
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	8.64	7.62	6.44
Selling expenses	5.56	8.15	6.93
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	14.20	15.77	13.37
INCOME BEFORE INTEREST EXPENSE	11.09	4.00	11.99
Interest expense	2.43	2.07	0.34
OPERATING INCOME	8.66	1.93	11.65
Other income	1.45	0.70	0.69
INCOME BEFORE INCOME TAXES	10.11	2.63	12.34

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink		1.73%	2.22%
Film		1.47	1.17
Plates		1.17	1.43
Other chargeable materials		2.01	4.42
TOTAL OTHER CHARGEABLE MATERIALS	***	6.38	9.24
OUTSIDE SERVICES			
Composition		1.41	0.29
Offset preparation		1.35	1.14
Printing		1.42	1.01
Binding		2.25	1.98
Other outside services		2.20	1.95
TOTAL OUTSIDE SERVICES	***	8.63	6.37

** Sample insufficient for Profit Leaders.
*** Information not submitted.

41% TO 61%		61% TO 81%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%
27.50	26.11	27.20	24.26
5.81	5.52	5.45	3.96
8.68	8.93	6.56	5.33
41.99	40.56	39.21	33.55
26.64	23.06	27.19	29.02
11.64	11.75	11.90	10.92
80.27	75.37	78.30	73.49
19.73	24.63	21.70	26.51
8.13	8.74	7.17	5.73
7.02	6.30	8.83	7.77
15.15	15.04	16.00	13.50
4.58	9.59	5.70	13.01
2.19	1.05	2.28	1.24
2.39	8.54	3.42	11.77
0.61	1.71	1.09	1.23
3.00	10.25	4.51	13.00
2.63%	2.41%	2.62%	1.88%
1.15	0.92	0.88	0.53
1.43	1.15	1.12	1.39
0.60	1.04	0.83	0.16
5.81	5.52	5.45	3.96
0.62	0.68	0.64	0.21
1.38	0.00	1.29	0.34
1.01	0.73	1.19	2.61
3.88	0.51	1.94	1.62
1.79	7.01	1.50	0.55
8.68	8.93	6.56	5.33

SUPPORTING SCHEDULES - SALES = 100%

	11% TO 21%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL			
Salaries - executive	2.50%	1.62%	1.28%
Direct wages	25.64	18.11	14.71
General factory salaries and wages	0.00	2.51	0.60
Packing, shipping and delivery wages	0.00	1.00	0.40
Payroll taxes	1.15	1.68	1.19
Employee benefits	1.00	2.37	1.37
TOTAL FACTORY PAYROLL	30.29	27.29	19.55
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.00	0.33	0.10
Depreciation - other	4.76	3.71	2.85
Taxes - real estate	0.00	0.29	0.15
Taxes - other	0.00	0.25	0.12
Insurance	0.25	0.33	0.29
Building rent	0.00	0.98	1.40
Utilities - heat, light, etc.	1.17	1.38	0.80
Equipment rental	0.11	0.32	0.09
Total Fixed Expenses	6.29	7.59	5.80
Other Expenses			
Factory supplies and expense	1.41	2.03	2.32
Packing, shipping and delivery expense	0.05	0.95	1.50
Repairs and maintenance	1.61	1.44	1.67
Other factory expenses	1.58	0.88	0.19
Total Other Expenses	4.65	5.30	5.68
TOTAL FACTORY EXPENSES	10.94	12.89	11.48
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.28	1.88	1.98
Salaries - office	1.02	2.01	1.56
Payroll taxes	0.09	0.27	0.23
Employee benefits	0.19	0.47	0.39
Bad debts	0.91	0.24	0.20
Office supplies and expenses	2.30	0.47	0.45
Professional fees	0.16	0.43	0.39
Taxes - business	0.25	0.13	0.25
Telephone	0.97	0.46	0.33
Other administrative expenses	0.47	1.26	0.66
TOTAL ADMINISTRATIVE EXPENSES	8.64	7.62	6.44
SELLING EXPENSES			
Salaries - executive	0.00	0.94	0.92
Salaries and commissions - salesmen	4.27	4.30	4.13
Salaries - sales office clerical	0.00	0.57	0.18
Payroll taxes	0.03	0.27	0.21
Employee benefits	0.00	0.34	0.21
Advertising	0.06	0.28	0.15
Travel and entertainment	0.62	0.81	0.84
Other selling expenses	0.58	0.64	0.29
TOTAL SELLING EXPENSES	5.56	8.15	6.93

** Sample insufficient for Profit Leaders.

41% TO 61%		61% TO 81%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.85%	1.83%	1.45%	1.25%
17.79	15.48	18.02	18.63
2.15	1.37	2.44	2.22
1.10	0.72	0.80	0.96
1.63	1.57	1.53	1.67
2.12	2.09	2.95	4.29
26.64	23.06	27.19	29.02
0.28	0.25	0.48	0.81
2.56	2.95	3.23	2.81
0.28	0.21	0.23	0.20
0.15	0.16	0.27	0.14
0.32	0.41	0.28	0.26
1.04	0.71	0.61	0.60
1.18	1.33	1.32	1.19
0.53	0.21	0.50	0.55
6.34	6.23	6.92	6.56
1.98	1.85	2.15	1.98
1.02	1.41	0.87	0.88
1.65	1.80	1.40	1.22
0.65	0.46	0.56	0.28
5.30	5.52	4.98	4.36
11.64	11.75	11.90	10.92
2.25	2.67	1.73	1.53
1.79	1.60	1.56	1.01
0.23	0.28	0.23	0.16
0.62	0.39	0.47	0.66
0.55	0.73	0.51	0.25
0.33	0.36	0.39	0.34
0.50	0.54	0.45	0.55
0.08	0.12	0.10	0.27
0.42	0.70	0.49	0.47
1.36	1.35	1.24	0.49
8.13	8.74	7.17	5.73
1.28	0.80	1.53	1.80
3.30	3.26	3.61	2.21
0.40	0.17	0.96	1.32
0.23	0.20	0.30	0.20
0.21	0.18	0.54	0.97
0.21	0.16	0.40	0.32
0.68	0.93	0.81	0.53
0.71	0.60	0.68	0.42
7.02	6.30	8.83	7.77

CHAPTER 3 - BY PERCENTAGE OF WEB SALES

BALANCE SHEET

	11% TO 21%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
ASSETS			
CURRENT ASSETS			
Cash	32.20%	5.67%	12.22%
Receivables	27.05	30.71	27.95
Inventories	4.58	13.66	13.30
Other current assets	1.15	4.50	6.24
TOTAL CURRENT ASSETS	64.98	54.54	59.71
FIXED ASSETS			
Real estate	11.44	15.10	6.47
Less: Accumulated depreciation	4.67	3.69	0.98
	6.77	11.41	5.49
Machinery and equipment	49.71	63.57	52.63
Less: Accumulated depreciation	23.06	36.22	27.23
	26.65	27.35	25.40
Other fixed assets	1.77	5.99	6.22
Less: Accumulated depreciation	0.86	3.25	3.14
	0.91	2.74	3.08
NET FIXED ASSETS	34.33	41.50	33.97
OTHER ASSETS	0.69	3.96	6.32
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	0.00	11.77	3.20
Accounts payable	14.13	13.53	14.50
Other current liabilities	9.61	7.31	6.15
TOTAL CURRENT LIABILITIES	23.74	32.61	23.85
LONG-TERM LIABILITIES	19.61	27.87	10.23
TOTAL LIABILITIES	43.35	60.48	34.08
SHAREHOLDERS' AND PROPRIETORS' EQUITY	56.65	39.52	65.92
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	2.74	1.67	2.50
QUICK RATIO	2.54	1.25	1.95
TOTAL LIABILITIES TO EQUITY	0.77	1.53	0.52
LONG-TERM LIABILITIES TO EQUITY	0.35	0.71	0.16
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.46	0.57	0.52

** Sample insufficient for Profit Leaders.

41% TO 61%		61% TO 81%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
4.76%	12.42%	5.16%	7.05%
34.83	34.01	31.87	30.36
17.07	16.55	14.58	13.03
3.81	2.74	3.15	9.71
60.47	65.72	54.76	60.15
9.73	10.89	16.29	15.55
2.03	2.15	4.99	4.40
7.70	8.74	11.30	11.15
63.07	51.88	60.25	55.31
35.31	31.44	30.52	32.76
27.76	20.44	29.73	22.55
5.56	6.05	4.98	5.88
3.32	3.42	2.92	3.59
2.24	2.63	2.06	2.29
37.70	31.81	43.09	35.99
1.83	2.47	2.15	3.86
100.00	100.00	100.00	100.00
10.32	2.20	9.11	2.86
16.89	11.93	13.17	12.98
11.43	11.76	8.25	9.51
38.64	25.89	30.53	25.35
24.48	15.83	31.76	18.79
63.12	41.72	62.29	44.14
36.88	58.28	37.71	55.86
100.00	100.00	100.00	100.00
1.56	2.54	1.79	2.37
1.12	1.90	1.32	1.86
1.71	0.72	1.65	0.79
0.66	0.27	0.84	0.34
0.56	0.61	0.51	0.59

SIGNIFICANT FACTS

	11% TO 21%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Average assets per employee - All employees	$ 38,332	$ 43,985	$ 51,399
Average assets per factory employee (Excluding Executives)	51,672	59,776	67,394
Average net worth per employee - All employees	21,673	17,927	32,032
Average gross plant investment per factory employee (Excluding Executives)	29,215	50,362	41,957
Net worth percentage of fixed assets	324.10%	108.30%	212.38%
EMPLOYEES			
Percent factory - All employees	83.49%	78.27%	80.25%
Percent administrative - All employees	6.02	11.41	10.90
Percent sales - All employees	10.49	10.32	8.85
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 51,219	$ 78,236	$ 104,266
Sales per factory employee	61,024	102,041	128,577
Sales less material per factory employee	40,967	59,152	68,942
Sales per administrative employee	949,848	901,601	1,387,294
EXCLUDING EXECUTIVES			
Sales per employee - All employees	57,213	84,581	113,615
Sales per factory employee	67,409	107,153	136,045
Sales less material per factory employee	44,754	62,175	72,813
SALES PER SALESMAN	333,983	821,593	1,065,039
SALES TO CURRENT ASSETS	239%	350%	347%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	38.17%	38.34%	29.39%
Factory payroll percentage of gross plant investment	87.37	63.37	63.23
Payroll per employee - All employees	$ 19,937	$ 28,624	$ 28,706
Payroll per factory employee	18,767	25,870	23,920
Payroll per administrative employee	28,220	32,187	34,203
Payroll per sales employee	24,426	48,966	63,518
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 17,846	$ 22,885	$ 23,117
Payroll per factory employee	17,208	21,374	20,202
Payroll per administrative employee	12,795	17,114	16,435
Payroll per sales employee	23,771	41,415	54,983
EXECUTIVE PAYROLL			
Payroll per executive - All executives	33,840	46,797	45,570
Payroll per factory executive	7,500	31,669	31,393
Payroll per administrative executive	33,840	58,410	62,294
Payroll per sales executive	0	58,255	76,221
RECEIVABLES			
Collection period	75.8	62.7	50.7
PROFIT			
Gross profit percentage of sales	25.29%	19.77%	25.36%
Average gross profit per factory employee	$ 17,088	$ 21,572	$ 33,163
Income before taxes percentage of sales	10.11%	2.63%	12.34%
Average income before taxes per employee	$ 4,661	$ 2,662	$ 13,164

** Sample insufficient for Profit Leaders.

41% TO 61%		61% TO 81%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 40,020	$ 52,602	$ 49,931	$ 45,048
52,954	67,817	66,420	53,858
15,368	30,708	18,511	23,940
40,321	48,490	50,886	39,127
129.54%	216.32%	109.51%	196.36%
80.17%	81.40%	79.26%	85.18%
11.02	11.19	8.81	5.96
8.81	7.41	11.93	8.86
$ 76,230	$ 86,831	$ 80,985	$ 84,529
96,052	107,310	102,989	98,937
54,565	61,560	61,317	65,412
850,234	988,127	1,097,770	1,809,108
83,481	94,560	87,204	89,922
101,017	112,463	107,857	102,583
57,447	64,814	64,144	67,588
744,469	1,485,865	848,603	740,944
357%	263%	343%	378%
36.97%	32.62%	38.14%	38.89%
76.06	63.50	63.71	87.43
$ 27,520	$ 27,544	$ 29,963	$ 32,726
24,456	23,619	26,945	28,593
33,028	38,685	36,959	47,640
47,007	62,865	55,067	67,464
$ 21,522	$ 20,942	$ 23,048	$ 23,838
20,318	19,083	21,862	22,299
16,107	17,940	18,102	19,481
39,417	54,574	42,866	45,302
49,559	54,386	60,263	69,782
31,432	31,617	34,396	28,170
60,243	78,514	80,103	88,175
52,925	64,810	76,630	95,317
66.4	79.3	71.1	57.3
19.73%	24.63%	21.70%	26.51%
$ 20,117	$ 27,074	$ 23,422	$ 27,031
3.00%	10.25%	4.51%	13.00%
$ 2,375	$ 8,758	$ 3,880	$ 11,182

RETURN ON INVESTMENT - PER $100 OF SALES

	11% TO 21%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Current Assets:			
Cash	$27.63	$ 2.79	$ 5.96
Receivables	20.58	16.81	13.50
Inventories	3.00	7.86	6.88
Marketable securities	0.00	1.31	3.53
Other current assets	0.75	1.44	0.36
	51.96	30.21	30.23
Plant Investment:			
Land and building	7.50	10.70	3.70
Machinery and equipment	35.11	35.58	26.76
Other fixed assets	1.16	3.28	3.35
	43.77	49.56	33.81
Non-Current Assets	0.45	2.26	3.86
TOTAL INVESTMENT	96.18	82.03	67.90
INVESTMENT TURNOVER PER $100 OF SALES	103.97%	121.91%	147.28%
EARNINGS			
Cost of Product	$74.71	$80.23	$74.64
Selling Expenses	5.56	8.15	6.93
Administrative Expenses	8.64	7.62	6.44
	88.91	96.00	88.01
Income Before Interest, Other Income, and Taxes	11.09	4.00	11.99
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	11.53%	4.88%	17.66%

** Sample insufficient for Profit Leaders.

41% TO 61%		61% TO 81%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 2.42	$ 7.39	$ 2.67	$ 3.10
17.26	20.61	18.82	15.10
8.50	9.77	7.96	6.38
0.46	0.74	0.92	3.14
1.49	1.30	0.84	2.12
30.13	39.81	31.21	29.84
5.67	7.82	10.55	9.30
32.22	33.64	35.48	28.19
2.76	3.62	2.51	2.72
40.65	45.08	48.54	40.21
0.87	1.34	1.18	2.14
71.65	86.23	80.93	72.19
139.57%	115.97%	123.56%	138.52%
$80.27	$75.37	$78.30	$73.49
7.02	6.30	8.83	7.77
8.13	8.74	7.17	5.73
95.42	90.41	94.30	86.99
4.58	9.59	5.70	13.01
6.39%	11.12%	7.04%	18.02%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	100	$ 5,466,000	$ 9,534,000	$ 401,000
TOTAL - PROFIT LEADERS*	16	6,884,000	12,451,000	1,485,000
BY SIZE OF FIRM				
ALL FIRMS				
$0-$1,500,000	4	479,000	839,000	34,000
$1,500,000-$5,000,000	35	1,769,000	3,342,000	102,000
$5,000,000-$10,000,000	29	4,149,000	7,047,000	175,000
$10,000,000-$20,000,000	26	8,315,000	14,380,000	460,000
Over $20,000,000	6	24,379,000	42,478,000	3,234,000
PROFIT LEADERS				
$1,500,000-$5,000,000	3	1,235,000	2,851,000	342,000
$5,000,000-$10,000,000	7	4,393,000	7,178,000	735,000
$10,000,000-$20,000,000	2	9,139,000	13,749,000	1,661,000
Over $20,000,000	3	19,067,000	37,561,000	4,739,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	72	5,972,000	10,271,000	375,000
Magazine and Periodical	4	3,231,000	6,095,000	58,000
Newspaper	6	2,201,000	3,640,000	149,000
Financial	3	8,012,000	15,679,000	1,871,000
Book	10	4,850,000	9,068,000	482,000
No Predominant Product	4	2,933,000	5,601,000	190,000
PROFIT LEADERS				
Commercial and Advertising	7	7,821,000	14,839,000	1,875,000
Financial	2	11,328,000	22,169,000	2,752,000
Book	4	5,858,000	9,121,000	881,000
BY PERCENTAGE OF WEB SALES				
ALL FIRMS				
11% To 21%	2	2,164,000	3,264,000	123,000
21% To 41%	36	4,886,000	8,496,000	333,000
41% To 61%	39	4,052,000	7,524,000	293,000
61% To 81%	23	9,060,000	15,113,000	716,000
PROFIT LEADERS				
21% To 41%	5	5,958,000	12,547,000	1,553,000
41% To 61%	6	7,831,000	13,036,000	1,567,000
61% To 81%	4	8,290,000	14,507,000	1,935,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of its size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 =	20.7%

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1984 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1985 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director
PIA Financial Services

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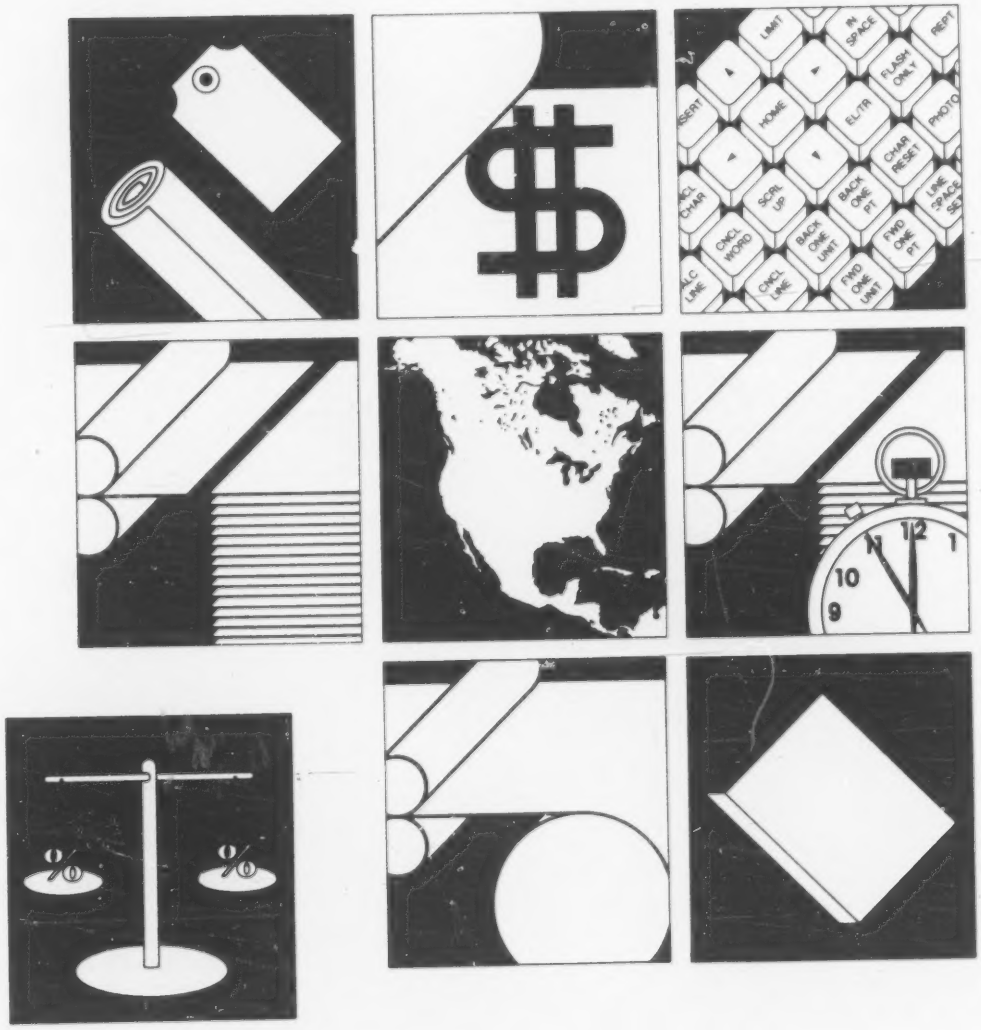
PIA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



Volume VIII

Combination Offset—Sheetfed/Web

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

For further information, contact:

William A. Rose, II
Director, PIA Financial Services
1730 North Lynn Street
Arlington, Virginia 22209
703/841-4805

PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

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Volume VIII: Combination Offset—Sheetfed/Web

An Annual Financial Survey Conducted By:
PIA Financial Services
1730 North Lynn Street
Arlington, VA 22209

Accounting Firm:

H. R. Margolis
Certified Public Accountants
New York and Philadelphia (Bala Cynwyd)

Data Processing:

RGS Enterprises, Inc.
1 Carlisle Drive
Arnold, MD 21012

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PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-4805

Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1985 PIA FINANCIAL RATIOS FOR COMBINATION OFFSET-SHEETFED/WEB PRINTERS. This Ratio Study was developed on the basis of questionnaires volunteered by 102 firms and presents the ratios and statistics of Combination Offset-Sheetfed/Web Printers by sales volume, by product, and by percentage of web sales. Because many participants produce substantially even percentages of sheetfed and web sales, they have difficulty classifying themselves strictly as a sheetfed or web printer. This volume gives recognition to that problem.

Thus the user of the report can direct himself to the standards for his sales size — for example, sales to $1.5 million, sales from $1.5 to $5 million, etc.; product specialty — for example, Commercial and Advertising, Magazine and Periodical, etc.; and percentage of web sales — for example, 11% to 21%, 21% to 41%, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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Dear Colleague:

1985 is the third year in which the annual PIA Financial Ratio Study has analyzed combination offset sheetfed/web plants — printing firms whose sales volume is composed of more than 20% web and more than 20% sheetfed jobs. Within the context of the PIA Financial Ratio Study, printers with less than 20% of sales made up of web jobs are classified as sheetfed printers; more then 80% web are classified as either web heatset or non-heatset printers. These particular printing operations are examined in Volumes V, VI, and VII of the study, respectively.

PIA's goal is to serve the needs of the printing industry; we are pleased at the response to this new part of the annual PIA Financial Ratio Study.

William A. Rose, II
Director, PIA Financial Services

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less materials costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of presentation management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	43.30	37.45	40.91
FACTORY EXPENSES	20.94	20.18	23.57
TOTAL FACTORY COST OF PRODUCT	64.24	57.63	64.48
GROSS PROFIT	35.76	42.37	35.52
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	12.98	10.89	18.74
Selling expenses	12.50	10.83	10.46
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	25.48	21.72	29.20
INCOME BEFORE INTEREST EXPENSE	10.28	20.65	6.32
Interest expense	3.45	1.89	3.82
OPERATING INCOME	6.83	18.76	2.50
Other income	1.26	1.54	2.78
INCOME BEFORE INCOME TAXES	8.09	20.30	5.28

* See page 10 for the definition of "Profit Leaders".
** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
42.44	37.05	42.13	36.83	48.07	41.74	40.10	35.55
20.63	20.28	21.66	20.23	20.32	19.86	19.84	20.30
63.07	57.33	63.79	57.06	68.39	61.60	59.94	55.85
36.93	42.67	36.21	42.94	31.61	38.40	40.06	44.15
14.27	12.96	13.58	13.27	10.16	7.85	9.78	7.46
12.63	8.40	12.17	11.04	13.22	14.94	12.53	10.46
26.90	21.36	25.75	24.31	23.38	22.79	22.31	17.92
10.03	21.31	10.46	18.63	8.23	15.61	17.75	26.23
3.45	2.74	3.77	1.86	3.23	1.02	2.85	1.43
6.58	18.57	6.69	16.77	5.00	14.59	14.90	24.80
1.01	0.88	1.29	2.50	1.44	1.38	0.80	0.33
7.59	19.45	7.98	19.27	6.44	15.97	15.70	25.13

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	3.12%	2.85%	4.04%
Direct wages	29.00	25.08	30.99
General factory salaries and wages	2.95	2.69	0.12
Packing, shipping and delivery wages	1.57	1.14	0.76
Payroll taxes	2.83	2.31	2.61
Employee benefits	3.83	3.38	2.39
TOTAL FACTORY PAYROLL	43.30	37.45	40.91
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.62	0.69	1.15
Depreciation - other	5.30	5.36	6.55
Taxes - real estate	0.34	0.31	0.29
Taxes - other	0.30	0.26	0.41
Insurance	0.56	0.48	1.16
Building rent	1.55	1.34	2.09
Utilities - heat, light, etc.	2.17	2.05	1.98
Equipment rental	0.85	0.81	0.93
Total Fixed Expenses	11.69	11.30	14.56
Other Expenses			
Factory supplies and expense	3.48	3.67	3.28
Packing, shipping and delivery expense	1.81	1.72	1.38
Repairs and maintenance	2.81	2.85	2.69
Other factory expenses	1.15	0.64	1.66
Total Other Expenses	9.25	8.88	9.01
TOTAL FACTORY EXPENSES	20.94	20.18	23.57
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.53	2.99	7.94
Salaries - office	3.22	2.59	4.01
Payroll taxes	0.43	0.37	0.81
Employee benefits	0.74	0.54	0.67
Bad debts	0.90	0.53	0.48
Office supplies and expenses	0.67	0.71	1.38
Professional fees	0.74	0.86	0.58
Taxes - business	0.21	0.21	0.28
Telephone	0.65	0.66	0.67
Other administrative expenses	1.89	1.43	1.92
TOTAL ADMINISTRATIVE EXPENSES	12.98	10.89	18.74
SELLING EXPENSES			
Salaries - executive	1.78	1.99	3.79
Salaries and commissions - salesmen	6.13	4.43	2.75
Salaries - sales office clerical	0.83	0.91	0.62
Payroll taxes	0.45	0.42	0.56
Employee benefits	0.54	0.53	0.42
Advertising	0.47	0.32	0.56
Travel and entertainment	1.18	0.97	1.02
Other selling expenses	1.12	1.26	0.74
TOTAL SELLING EXPENSES	12.50	10.83	10.46

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.11%	2.70%	2.92%	4.03%	3.05%	2.05%	3.38%	2.32%
28.36	24.05	28.36	25.29	31.35	27.26	26.48	24.05
2.89	3.77	2.68	1.76	4.16	4.07	2.78	1.85
1.95	1.47	1.38	0.91	1.52	0.54	1.34	1.54
2.58	1.75	3.04	2.58	3.20	3.34	2.44	2.01
3.55	3.31	3.75	2.26	4.79	4.48	3.68	3.78
42.44	37.05	42.13	36.83	48.07	41.74	40.10	35.55
0.78	1.17	0.40	0.42	0.55	0.54	0.50	0.56
4.68	4.03	5.75	6.64	5.51	5.73	5.03	5.94
0.28	0.20	0.38	0.41	0.38	0.30	0.33	0.43
0.16	0.16	0.37	0.48	0.48	0.35	0.12	0.09
0.65	0.51	0.51	0.69	0.40	0.27	0.37	0.41
2.01	1.54	1.37	0.34	1.14	2.45	1.03	0.76
1.77	1.54	2.38	2.35	2.36	1.83	2.67	2.45
1.10	1.79	0.94	0.01	0.51	0.14	0.46	0.59
11.43	10.94	12.10	11.34	11.33	11.66	10.51	11.23
2.77	3.81	3.82	4.05	3.61	2.74	4.85	3.73
2.30	2.15	2.20	2.19	1.03	1.28	1.08	1.43
3.07	2.82	2.41	2.18	3.04	3.45	2.59	3.06
1.06	0.56	1.13	0.47	1.31	0.73	0.81	0.85
9.20	9.34	9.56	8.89	8.99	8.20	9.33	9.07
20.63	20.28	21.66	20.23	20.32	19.86	19.84	20.30
4.08	3.54	3.32	4.31	2.44	2.36	1.93	1.51
3.34	3.48	3.64	2.40	2.48	1.51	2.87	2.26
0.47	0.40	0.49	0.49	0.27	0.26	0.32	0.25
0.83	0.78	0.74	0.27	0.67	0.48	0.64	0.49
0.97	0.44	1.27	1.15	0.67	0.49	0.41	0.28
0.76	0.68	0.64	0.99	0.43	0.58	0.57	0.57
0.82	0.77	0.86	1.72	0.61	0.54	0.50	0.35
0.23	0.22	0.09	0.14	0.38	0.43	0.11	0.15
0.76	0.88	0.66	0.71	0.49	0.54	0.56	0.49
2.01	1.77	1.87	1.09	1.72	0.66	1.87	1.11
14.27	12.96	13.58	13.27	10.16	7.85	9.78	7.46
1.52	2.03	2.25	2.83	1.21	1.00	1.49	1.08
6.84	3.33	5.69	4.85	6.31	4.76	6.51	5.76
0.70	0.86	0.67	0.55	1.19	0.81	0.98	0.77
0.45	0.35	0.44	0.45	0.42	0.41	0.43	0.36
0.49	0.53	0.46	0.35	0.76	0.62	0.56	0.54
0.50	0.42	0.46	0.17	0.42	0.33	0.41	0.29
1.12	0.53	1.39	1.53	1.09	1.35	1.16	1.03
1.01	0.35	0.81	0.31	1.82	5.66	0.99	0.63
12.63	8.40	12.17	11.04	13.22	14.94	12.53	10.46

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	28.51	27.69	22.71
Other chargeable materials	5.07	6.19	3.40
Outside services	7.41	7.03	9.86
TOTAL MATERIALS	40.99	40.91	35.97
FACTORY PAYROLL	25.64	22.35	26.16
FACTORY EXPENSES	12.33	11.95	14.98
TOTAL FACTORY COST OF PRODUCT	78.96	75.21	77.11
GROSS PROFIT	21.04	24.79	22.89
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	7.67	6.55	11.88
Selling expenses	7.42	6.44	6.79
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.09	12.99	18.67
INCOME BEFORE INTEREST EXPENSE	5.95	11.80	4.22
Interest expense	2.01	1.12	2.36
OPERATING INCOME	3.94	10.68	1.86
Other income	0.78	1.05	1.75
INCOME BEFORE INCOME TAXES	4.72	11.73	3.61

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	1.94%	2.14%	1.06%
Film	1.03	0.82	1.02
Plates	1.08	1.21	0.67
Other chargeable materials	1.02	2.02	0.65
TOTAL OTHER CHARGEABLE MATERIALS	5.07	6.19	3.40
OUTSIDE SERVICES			
Composition	0.85	1.06	0.22
Offset preparation	0.93	0.66	0.48
Printing	1.42	0.75	3.28
Binding	2.07	1.31	0.83
Other outside services	2.14	3.25	5.05
TOTAL OUTSIDE SERVICES	7.41	7.03	9.86

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
27.80	28.01	29.93	26.08	29.80	27.48	27.54	28.74
4.34	4.62	4.63	5.70	5.69	4.32	8.48	10.18
7.37	7.95	7.34	5.37	6.13	6.25	9.23	8.62
39.51	40.58	41.90	37.15	41.62	38.05	45.25	47.54
25.66	21.99	24.67	23.63	28.17	25.94	22.14	18.88
12.44	11.96	12.52	12.61	11.80	12.28	11.02	10.95
77.61	74.53	79.09	73.39	81.59	76.27	78.41	77.37
22.39	25.47	20.91	26.61	18.41	23.73	21.59	22.63
8.64	7.77	7.81	8.24	5.90	4.86	5.48	4.03
7.83	5.18	6.98	6.72	7.71	9.23	6.87	5.47
16.47	12.95	14.79	14.96	13.61	14.09	12.35	9.50
5.92	12.52	6.12	11.65	4.80	9.64	9.24	13.13
2.07	1.61	2.12	1.20	1.87	0.64	1.59	0.74
3.85	10.91	4.00	10.45	2.93	9.00	7.65	12.39
0.61	0.58	0.85	1.73	0.80	0.85	0.50	0.28
4.46	11.49	4.85	12.18	3.73	9.85	8.15	12.67
1.36%	1.38%	1.75%	1.00%	2.65%	1.82%	3.46%	4.26%
1.07	1.10	0.90	0.51	1.18	0.73	1.03	0.84
1.07	1.12	1.13	1.55	1.18	1.57	1.04	1.15
0.84	1.02	0.85	2.64	0.68	0.20	2.95	3.93
4.34	4.62	4.63	5.70	5.69	4.32	8.48	10.18
1.37	2.35	1.00	0.19	0.21	0.00	0.57	0.09
0.58	0.63	0.98	1.76	1.73	2.09	0.44	0.03
2.01	1.05	0.99	0.40	0.95	0.60	0.78	0.71
1.36	0.74	2.66	1.47	2.26	2.65	2.95	2.16
2.05	3.18	1.71	1.55	0.98	0.91	4.49	5.63
7.37	7.95	7.34	5.37	6.13	6.25	9.23	8.62

CHAPTER 1 - BY SIZE OF FIRM

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.85%	1.70%	2.55%
Direct wages	17.15	14.97	19.90
General factory salaries and wages	1.77	1.59	0.08
Packing, shipping and delivery wages	0.91	0.65	0.46
Payroll taxes	1.69	1.40	1.65
Employee benefits	2.27	2.04	1.52
TOTAL FACTORY PAYROLL	25.64	22.35	26.16
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.36	0.38	0.67
Depreciation - other	3.10	3.22	4.15
Taxes - real estate	0.20	0.18	0.19
Taxes - other	0.18	0.16	0.25
Insurance	0.33	0.30	0.71
Building rent	0.92	0.83	1.36
Utilities - heat, light, etc.	1.27	1.23	1.25
Equipment rental	0.52	0.47	0.61
Total Fixed Expenses	6.88	6.77	9.19
Other Expenses			
Factory supplies and expense	2.07	2.14	2.12
Packing, shipping and delivery expense	1.04	0.98	0.86
Repairs and maintenance	1.66	1.68	1.74
Other factory expenses	0.68	0.38	1.07
Total Other Expenses	5.45	5.18	5.79
TOTAL FACTORY EXPENSES	12.33	11.95	14.98
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.11	1.82	4.98
Salaries - office	1.90	1.56	2.56
Payroll taxes	0.26	0.22	0.51
Employee benefits	0.44	0.33	0.42
Bad debts	0.51	0.31	0.30
Office supplies and expenses	0.40	0.42	0.91
Professional fees	0.43	0.52	0.38
Taxes - business	0.12	0.13	0.17
Telephone	0.38	0.40	0.42
Other administrative expenses	1.12	0.84	1.23
TOTAL ADMINISTRATIVE EXPENSES	7.67	6.55	11.88
SELLING EXPENSES			
Salaries - executive	1.06	1.20	2.42
Salaries and commissions - salesmen	3.63	2.58	1.82
Salaries - sales office clerical	0.49	0.56	0.41
Payroll taxes	0.27	0.25	0.35
Employee benefits	0.32	0.32	0.27
Advertising	0.28	0.19	0.36
Travel and entertainment	0.70	0.58	0.68
Other selling expenses	0.67	0.76	0.48
TOTAL SELLING EXPENSES	7.42	6.44	6.79

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.89%	1.53%	1.68%	2.57%	1.80%	1.25%	1.87%	1.27%
17.06	14.32	16.61	16.32	18.33	16.92	14.59	12.65
1.85	2.24	1.60	1.10	2.43	2.55	1.51	0.93
1.14	0.85	0.81	0.57	0.88	0.34	0.72	0.79
1.56	1.03	1.78	1.65	1.91	2.07	1.38	1.13
2.16	2.02	2.19	1.42	2.82	2.81	2.07	2.11
25.66	21.99	24.67	23.63	28.17	25.94	22.14	18.88
0.46	0.60	0.24	0.26	0.33	0.35	0.27	0.31
2.82	2.51	3.32	4.10	3.15	3.56	2.80	3.27
0.17	0.12	0.22	0.26	0.22	0.19	0.17	0.23
0.09	0.09	0.22	0.33	0.28	0.23	0.07	0.05
0.39	0.31	0.28	0.46	0.23	0.17	0.22	0.23
1.22	0.94	0.77	0.24	0.66	1.49	0.60	0.43
1.08	0.93	1.38	1.50	1.37	1.14	1.48	1.34
0.70	1.04	0.54	0.01	0.32	0.09	0.24	0.29
6.93	6.54	6.97	7.16	6.56	7.22	5.85	6.15
1.71	2.23	2.21	2.47	2.14	1.66	2.70	1.94
1.33	1.22	1.24	1.29	0.60	0.80	0.58	0.75
1.83	1.63	1.43	1.41	1.75	2.13	1.43	1.65
0.64	0.34	0.67	0.28	0.75	0.47	0.46	0.46
5.51	5.42	5.55	5.45	5.24	5.06	5.17	4.80
12.44	11.96	12.52	12.61	11.80	12.28	11.02	10.95
2.51	2.10	1.94	2.74	1.44	1.48	1.05	0.80
2.01	2.12	2.11	1.49	1.43	0.94	1.64	1.25
0.28	0.24	0.28	0.30	0.16	0.16	0.18	0.14
0.50	0.47	0.42	0.17	0.38	0.30	0.36	0.27
0.58	0.25	0.68	0.70	0.39	0.30	0.22	0.12
0.47	0.43	0.37	0.57	0.25	0.36	0.32	0.31
0.49	0.47	0.48	1.04	0.36	0.33	0.28	0.20
0.13	0.15	0.05	0.09	0.21	0.26	0.06	0.08
0.46	0.54	0.38	0.45	0.28	0.33	0.31	0.27
1.21	1.00	1.10	0.69	1.00	0.40	1.06	0.59
8.64	7.77	7.81	8.24	5.90	4.86	5.48	4.03
0.93	1.26	1.28	1.66	0.71	0.61	0.82	0.58
4.25	2.07	3.26	3.02	3.64	2.95	3.51	2.90
0.43	0.52	0.39	0.33	0.71	0.52	0.54	0.42
0.28	0.21	0.25	0.27	0.25	0.25	0.25	0.20
0.30	0.32	0.26	0.21	0.45	0.39	0.32	0.31
0.32	0.25	0.27	0.11	0.24	0.21	0.23	0.17
0.68	0.33	0.80	0.93	0.64	0.83	-0.64	0.57
0.64	0.22	0.47	0.19	1.07	3.47	0.56	0.32
7.83	5.18	6.98	6.72	7.71	9.23	6.87	5.47

CHAPTER 1 - BY SIZE OF FIRM

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	4.62%	6.11%	4.90%
Receivables	32.79	31.48	32.78
Inventories	16.62	15.76	11.73
Other current assets	3.97	5.47	3.03
TOTAL CURRENT ASSETS	58.00	58.82	52.44
FIXED ASSETS			
Real estate	12.10	11.55	13.63
Less: Accumulated depreciation	3.30	2.84	5.51
	8.80	8.71	8.12
Machinery and equipment	64.34	58.95	99.44
Less: Accumulated depreciation	35.84	32.58	64.80
	28.50	26.37	34.64
Other fixed assets	5.43	7.37	4.14
Less: Accumulated depreciation	2.99	4.07	2.28
	2.44	3.30	1.86
NET FIXED ASSETS	39.74	38.38	44.62
OTHER ASSETS	2.26	2.80	2.94
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	9.15	5.35	9.15
Accounts payable	15.02	15.26	13.45
Other current liabilities	9.43	7.96	8.90
TOTAL CURRENT LIABILITIES	33.60	28.57	31.50
LONG-TERM LIABILITIES	26.93	17.09	26.35
TOTAL LIABILITIES	60.53	45.66	57.85
SHAREHOLDERS' AND PROPRIETORS' EQUITY	39.47	54.34	42.15
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.73	2.06	1.66
QUICK RATIO	1.23	1.51	1.29
TOTAL LIABILITIES TO EQUITY	1.53	0.84	1.37
LONG-TERM LIABILITIES TO EQUITY	0.68	0.31	0.63
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.56	0.55	0.65

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
5.32%	4.81%	5.96%	14.18%	2.45%	3.03%	3.24%	3.04%
33.15	35.53	31.77	24.18	33.40	36.20	33.00	28.71
16.72	11.46	16.64	15.77	16.46	16.27	19.46	22.57
4.29	4.76	3.15	8.75	4.70	0.69	4.08	7.17
59.48	56.56	57.52	62.88	57.01	56.19	59.78	61.49
9.20	13.70	10.20	12.37	19.50	10.50	9.64	11.25
2.32	3.45	2.54	2.49	5.44	3.56	2.67	2.53
6.88	10.25	7.66	9.88	14.06	6.94	6.97	8.72
62.58	55.41	61.75	58.32	65.85	63.12	53.20	53.75
35.95	31.10	32.89	35.68	36.78	32.52	24.13	27.98
26.63	24.31	28.86	22.64	29.07	30.60	29.07	25.77
7.74	6.37	3.73	5.86	4.74	10.29	4.43	6.21
4.68	3.79	1.53	3.06	2.72	4.89	2.13	3.30
3.06	2.58	2.20	2.80	2.02	5.40	2.30	2.91
36.57	37.14	38.72	35.32	45.15	42.94	38.34	37.40
3.95	6.30	3.76	1.80	(2.16)	0.87	1.88	1.11
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
9.70	7.54	9.49	5.41	9.04	4.10	6.58	2.95
17.09	16.81	15.30	10.38	12.67	16.16	13.32	14.96
8.26	3.95	10.19	11.39	9.89	12.05	10.66	8.90
35.05	28.30	34.98	27.18	31.60	32.31	30.56	26.81
28.97	26.56	26.61	16.01	25.75	3.03	23.73	13.87
64.02	54.86	61.59	43.19	57.35	35.34	54.29	40.68
35.98	45.14	38.41	56.81	42.65	64.66	45.71	59.32
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.70	2.00	1.64	2.31	1.80	1.74	1.96	2.29
1.22	1.59	1.17	1.73	1.28	1.24	1.32	1.45
1.78	1.22	1.60	0.76	1.34	0.55	1.19	0.69
0.81	0.59	0.69	0.28	0.60	0.05	0.52	0.23
0.57	0.56	0.53	0.61	0.56	0.52	0.45	0.52

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 42,799	$ 48,978	$ 25,635
Average assets per factory employee (Excluding Executives)	58,206	64,705	38,271
Average net worth per employee - All employees	17,054	27,465	11,410
Average gross plant investment per factory employee (Excluding Executives)	46,383	49,132	43,591
Net worth percentage of fixed assets	123.26%	143.26%	99.36%
EMPLOYEES			
Percent factory - All employees	78.53%	80.64%	69.65%
Percent administrative - All employees	11.22	9.63	18.89
Percent sales - All employees	10.25	9.73	11.46
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 82,160	$ 95,015	$ 52,665
Sales per factory employee	105,623	117,706	76,550
Sales less material per factory employee	61,325	67,913	48,982
Sales per administrative employee	915,001	1,282,782	313,203
EXCLUDING EXECUTIVES			
Sales per employee - All employees	89,828	103,953	65,098
Sales per factory employee	111,992	125,159	83,391
Sales less material per factory employee	65,035	72,292	53,301
SALES PER SALESMAN	824,765	964,772	228,158
SALES TO CURRENT ASSETS	367%	357%	468%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	36.11%	31.19%	39.91%
Factory payroll percentage of gross plant investment	73.01	59.58	53.16
Payroll per employee - All employees	$ 28,815	$ 28,346	$ 20,920
Payroll per factory employee	25,947	25,162	19,641
Payroll per administrative employee	34,225	36,669	22,868
Payroll per sales employee	49,553	54,331	27,293
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 22,494	$ 21,989	$ 16,151
Payroll per factory employee	21,108	20,582	16,566
Payroll per administrative employee	18,041	19,082	13,747
Payroll per sales employee	39,459	40,617	10,799
EXECUTIVE PAYROLL			
Payroll per executive - All executives	52,149	53,362	29,306
Payroll per factory executive	38,112	34,974	28,309
Payroll per administrative executive	65,489	74,097	28,948
Payroll per sales executive	59,789	76,045	28,820
RECEIVABLES			
Collection period	61.7	59.0	57.5
PROFIT			
Gross profit percentage of sales	21.04%	24.79%	22.89%
Average gross profit per factory employee	$ 24,127	$ 31,312	$ 19,728
Income before taxes percentage of sales	4.72%	11.73%	3.61%
Average income before taxes per employee	$ 4,227	$ 11,223	$ 1,826

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 32,552	$ 34,832	$ 47,568	$ 56,572	$ 49,517	$ 49,122	$ 60,156	$ 65,245
45,613	48,506	66,055	78,230	64,818	60,836	77,057	81,058
11,008	15,594	18,354	31,848	21,558	32,328	27,602	38,876
35,434	35,461	51,161	58,585	55,872	52,614	51,174	57,242
150.54%	121.98%	110.64%	159.06%	103.16%	153.89%	123.64%	160.64%
76.83%	78.69%	78.34%	78.83%	81.62%	84.50%	83.24%	85.19%
12.16	11.07	11.55	11.13	8.51	7.52	8.65	6.81
11.01	10.24	10.11	10.04	9.87	7.98	8.11	8.00
$ 69,493	$ 77,666	$ 84,467	$ 83,261	$ 91,674	$ 107,766	$ 115,848	$ 127,087
92,064	101,871	110,078	106,407	113,623	127,222	139,654	149,046
55,715	61,056	62,917	66,275	65,669	78,824	73,916	74,828
654,356	756,517	863,527	760,683	1,172,773	1,476,414	1,739,595	2,410,593
76,107	85,779	93,306	94,942	97,992	114,079	124,169	135,333
97,362	108,277	117,500	115,791	119,233	132,189	148,279	157,256
58,954	64,869	67,151	72,292	68,949	81,841	78,437	78,981
459,482	430,608	748,648	672,125	1,077,019	974,758	1,767,540	1,727,062
401%	437%	334%	239%	348%	399%	328%	317%
37.16%	31.29%	34.86%	33.81%	37.33%	33.53%	30.81%	25.76%
76.96	69.11	83.73	45.12	62.00	77.17	66.38	50.99
$ 25,6[illegible]	$ 24,131	$ 28,980	$ 27,956	$ 33,280	$ 35,924	$ 34,066	$ 31,022
23,170	21,548	25,923	24,355	30,352	33,082	29,385	26,661
30,788	33,214	35,619	34,718	37,280	41,604	42,134	43,417
41,596	40,507	48,564	49,961	55,552	62,233	79,731	76,162
$ 20,114	$ 18,810	$ 22,441	$ 21,172	$ 26,051	$ 27,227	$ 26,595	$ 24,647
18,913	18,218	20,997	19,904	24,575	26,107	23,856	21,603
15,574	18,721	20,009	18,179	18,731	17,311	22,152	22,705
35,514	28,794	36,998	33,279	44,950	44,087	64,727	63,696
44,758	40,408	49,186	56,180	63,845	84,309	73,118	54,973
34,810	26,049	32,634	40,114	46,006	47,789	52,730	37,522
53,933	59,473	60,455	59,621	79,806	115,615	109,023	89,976
34,039	43,417	56,005	57,618	82,199	132,283	127,544	106,565
57.0	58.4	65.0	64.2	65.0	59.7	63.8	55.0
22.39%	25.47%	20.91%	26.61%	18.41%	23.73%	21.59%	22.63%
$ 22,461	$ 29,120	$ 25,175	$ 31,851	$ 23,192	$ 31,531	$ 31,818	$ 35,128
4.46%	11.49%	4.85%	12.18%	3.73%	9.85%	8.15%	12.67%
$ 3,291	$ 9,154	$ 4,102	$ 10,037	$ 3,971	$ 10,522	$ 9,885	$ 16,160

CHAPTER 1 - BY SIZE OF FIRM

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 2.47	$ 3.97	$ 2.19
Receivables	16.37	15.81	15.22
Inventories	8.34	8.12	5.30
Marketable securities	0.81	1.43	0.91
Other current assets	1.45	1.70	0.88
	29.44	31.03	24.50
Plant Investment:			
Land and building	7.02	6.77	9.92
Machinery and equipment	32.64	31.33	42.25
Other fixed assets	2.71	3.85	2.01
	42.37	41.95	54.18
Non-Current Assets	1.17	1.45	1.07
TOTAL INVESTMENT	72.98	74.43	79.75
INVESTMENT TURNOVER PER $100 OF SALES	137.02%	134.35%	125.39%
EARNINGS			
Cost of Product	$78.96	$75.21	$77.11
Selling Expenses	7.42	6.44	6.79
Administrative Expenses	7.67	6.55	11.88
	94.05	88.20	95.78
Income Before Interest, Other Income, and Taxes	5.95	11.80	4.22
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	8.15%	15.85%	5.29%

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 2.22	$ 1.83	$ 3.94	$11.97	$ 1.41	$ 1.60	$ 1.87	$ 1.77
14.96	15.77	17.24	16.78	17.44	15.91	17.05	14.92
7.75	5.12	9.04	10.55	8.48	7.48	9.93	11.22
0.36	0.09	0.69	2.90	1.32	0.00	1.50	3.00
1.78	2.11	1.25	2.88	1.61	0.36	0.87	1.17
27.07	24.92	32.16	45.08	30.26	25.35	31.22	32.08
5.06	7.08	6.51	9.43	10.69	5.75	5.13	6.24
28.58	25.14	35.38	41.24	34.93	30.48	28.16	28.84
3.42	2.85	2.23	4.16	2.46	4.46	2.55	3.71
37.06	35.07	44.12	54.83	48.08	40.69	35.84	38.79
1.92	3.16	1.90	1.11	(0.78)	0.31	1.07	0.65
66.05	63.15	78.18	101.02	77.56	66.35	68.13	71.52
151.40%	158.35%	127.91%	98.99%	128.93%	150.72%	146.78%	139.82%
$77.61	$74.53	$79.09	$73.39	$81.59	$76.27	$78.41	$77.37
7.83	5.18	6.98	6.72	7.71	9.23	6.87	5.47
8.64	7.77	7.81	8.24	5.90	4.86	5.48	4.03
94.08	87.48	93.88	88.35	95.20	90.36	90.76	86.87
5.92	12.52	6.12	11.65	4.80	9.64	9.24	13.13
8.96%	19.83%	7.83%	11.53%	6.19%	14.53%	13.56%	18.36%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	42.10	37.12	52.29
FACTORY EXPENSES	20.90	19.31	22.69
TOTAL FACTORY COST OF PRODUCT	63.00	56.43	74.98
GROSS PROFIT	37.00	43.57	25.02
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	12.72	10.33	12.77
Selling expenses	13.32	12.09	8.18
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	26.04	22.42	20.95
INCOME BEFORE INTEREST EXPENSE	10.96	21.15	4.07
Interest expense	3.75	1.94	3.05
OPERATING INCOME	7.21	19.21	1.02
Other income	1.16	1.25	1.16
INCOME BEFORE INCOME TAXES	8.37	20.46	2.18

** Sample insufficient for Profit Leaders.

NEWSPAPER		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
44.46	41.00	46.54	33.10	40.25
21.47	21.88	22.06	22.55	18.52
65.93	62.88	68.60	55.65	58.77
34.07	37.12	31.40	44.35	41.23
12.28	10.87	13.01	11.06	15.30
9.53	4.32	10.34	12.19	15.48
21.81	15.19	23.35	23.25	30.78
12.26	21.93	8.05	21.10	10.45
2.14	1.78	3.74	2.04	2.45
10.12	20.15	4.31	19.06	8.00
1.25	1.35	2.16	2.37	0.66
11.37	21.50	6.47	21.43	8.66

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.98%	2.87%	2.77%
Direct wages	28.22	24.92	37.18
General factory salaries and wages	3.13	2.85	2.71
Packing, shipping and delivery wages	1.40	0.90	0.72
Payroll taxes	2.83	2.40	3.82
Employee benefits	3.54	3.18	5.09
TOTAL FACTORY PAYROLL	42.10	37.12	52.29
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.48	0.33	0.07
Depreciation - other	5.48	4.87	5.71
Taxes - real estate	0.36	0.22	0.10
Taxes - other	0.34	0.29	0.31
Insurance	0.56	0.42	0.27
Building rent	1.61	1.88	2.32
Utilities - heat, light, etc.	2.26	1.91	2.21
Equipment rental	0.92	1.08	1.37
Total Fixed Expenses	12.01	11.00	12.36
Other Expenses			
Factory supplies and expense	3.55	3.45	4.68
Packing, shipping and delivery expense	1.82	1.35	1.24
Repairs and maintenance	2.53	2.76	2.40
Other factory expenses	0.99	0.75	2.01
Total Other Expenses	8.89	8.31	10.33
TOTAL FACTORY EXPENSES	20.90	19.31	22.69
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.77	2.64	1.99
Salaries - office	3.08	2.73	3.67
Payroll taxes	0.44	0.36	0.41
Employee benefits	0.75	0.55	0.73
Bad debts	0.78	0.52	2.07
Office supplies and expenses	0.62	0.65	0.40
Professional fees	0.65	0.64	0.51
Taxes - business	0.17	0.22	0.38
Telephone	0.65	0.52	0.51
Other administrative expenses	1.81	1.50	2.10
TOTAL ADMINISTRATIVE EXPENSES	12.72	10.33	12.77
SELLING EXPENSES			
Salaries - executive	1.92	1.86	0.91
Salaries and commissions - salesmen	6.72	4.98	3.74
Salaries - sales office clerical	0.84	1.21	0.94
Payroll taxes	0.47	0.47	0.37
Employee benefits	0.55	0.61	0.49
Advertising	0.47	0.37	0.41
Travel and entertainment	1.18	0.83	0.79
Other selling expenses	1.17	1.76	0.53
TOTAL SELLING EXPENSES	13.32	12.09	8.18

** Sample insufficient for Profit Leaders.

NEWSPAPER		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
2.21%	2.39%	3.27%	3.39%	4.77%
31.08	24.07	31.17	22.78	23.84
1.79	4.48	2.85	1.48	2.97
3.72	2.92	1.47	1.14	1.64
1.96	1.73	3.04	1.84	2.67
3.70	5.41	4.74	2.47	4.36
44.46	41.00	46.54	33.10	40.25
1.96	3.29	0.42	0.69	1.04
4.92	4.40	5.93	8.60	3.54
0.30	0.34	0.42	0.59	0.28
0.10	0.17	0.22	0.00	0.23
0.75	0.57	0.55	0.29	0.47
1.11	0.12	0.87	0.00	1.67
1.60	1.24	2.33	2.89	1.76
0.13	0.17	0.47	0.53	1.25
10.87	10.30	11.21	13.59	10.24
2.88	4.54	3.50	3.07	2.74
2.35	3.22	1.66	1.98	2.11
4.72	3.68	4.18	3.77	1.74
0.65	0.14	1.51	0.14	1.69
10.60	11.58	10.85	8.96	8.28
21.47	21.88	22.06	22.55	18.52
3.47	2.90	2.40	2.77	3.89
2.36	1.65	3.47	2.45	4.65
0.27	0.21	0.42	0.52	0.52
0.66	0.91	1.00	0.38	0.55
0.93	0.50	1.39	1.10	0.44
0.75	0.52	0.58	0.45	1.24
1.01	0.51	0.98	0.97	0.96
0.32	0.24	0.46	0.20	0.09
0.88	1.22	0.61	1.24	0.51
1.63	2.21	1.70	0.98	2.45
12.28	10.87	13.01	11.06	15.30
1.19	1.32	1.06	1.99	3.06
3.99	0.98	4.99	6.49	6.67
0.25	0.24	1.14	0.55	0.94
0.21	0.06	0.42	0.69	0.61
0.33	0.56	0.52	0.16	0.79
0.44	0.48	0.18	0.08	0.85
1.12	0.31	1.28	2.09	1.47
2.00	0.37	0.75	0.14	1.09
9.53	4.32	10.34	12.19	15.48

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	27.68	26.44	30.79
Other chargeable materials	5.32	6.21	4.63
Outside services	8.16	8.01	4.16
TOTAL MATERIALS	41.16	40.66	39.58
FACTORY PAYROLL	24.82	22.15	31.68
FACTORY EXPENSES	12.33	11.51	13.55
TOTAL FACTORY COST OF PRODUCT	78.31	74.32	84.81
GROSS PROFIT	21.69	25.68	15.19
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	7.54	6.32	7.65
Selling expenses	7.85	7.27	4.92
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.39	13.59	12.57
INCOME BEFORE INTEREST EXPENSE	6.30	12.09	2.62
Interest expense	2.18	1.16	1.89
OPERATING INCOME	4.12	10.93	0.73
Other income	0.70	0.85	0.66
INCOME BEFORE INCOME TAXES	4.82	11.78	1.39

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	2.15%	2.05%	2.06%
Film	1.04	0.72	1.15
Plates	1.06	1.22	1.23
Other chargeable materials	1.07	2.22	0.19
TOTAL OTHER CHARGEABLE MATERIALS	5.32	6.21	4.63
OUTSIDE SERVICES			
Composition	1.09	1.35	0.24
Offset preparation	1.22	0.87	0.23
Printing	1.40	0.79	0.25
Binding	2.03	1.82	2.59
Other outside services	2.42	3.18	0.85
TOTAL OUTSIDE SERVICES	8.16	8.01	4.16

** Sample insufficient for Profit Leaders.

NEWSPAPER		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%
35.23	37.07	31.53	26.70	27.10
5.41	4.95	5.55	6.91	3.18
2.59	2.93	8.15	10.67	6.40
43.23	44.95	45.23	44.28	36.68
25.35	23.03	25.72	18.38	25.73
11.98	12.01	12.04	12.60	11.70
80.56	79.99	82.99	75.26	74.11
19.44	20.01	17.01	24.74	25.89
6.92	5.85	6.96	6.20	9.67
5.78	2.44	5.64	6.82	9.78
12.70	8.29	12.60	13.02	19.45
6.74	11.72	4.41	11.72	6.44
1.20	0.92	1.92	1.12	1.56
5.54	10.80	2.49	10.60	4.88
0.72	0.87	1.32	1.32	0.43
6.26	11.67	3.81	11.92	5.31
2.32%	2.14%	1.62%	5.26%	0.79%
1.26	1.43	1.27	0.76	0.52
1.23	1.37	1.47	0.89	0.64
0.60	0.01	1.19	0.00	1.23
5.41	4.95	5.55	6.91	3.18
0.43	0.74	0.57	0.00	0.14
0.35	0.33	0.22	0.00	0.54
0.55	1.33	0.36	0.00	3.94
0.46	0.18	4.00	0.00	0.82
0.80	0.35	3.00	10.67	0.96
2.59	2.93	8.15	10.67	6.40

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.76%	1.73%	1.59%
Direct wages	16.57	14.79	22.69
General factory salaries and wages	1.91	1.75	1.58
Packing, shipping and delivery wages	0.81	0.51	0.43
Payroll taxes	1.68	1.46	2.31
Employee benefits	2.09	1.91	3.08
TOTAL FACTORY PAYROLL	24.82	22.15	31.68
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.29	0.20	0.05
Depreciation - other	3.18	2.89	3.39
Taxes - real estate	0.21	0.13	0.06
Taxes - other	0.20	0.18	0.18
Insurance	0.34	0.26	0.16
Building rent	0.97	1.15	1.32
Utilities - heat, light, etc.	1.33	1.16	1.32
Equipment rental	0.56	0.63	0.81
Total Fixed Expenses	7.08	6.60	7.29
Other Expenses			
Factory supplies and expense	2.11	2.02	2.80
Packing, shipping and delivery expense	1.06	0.80	0.70
Repairs and maintenance	1.50	1.64	1.44
Other factory expenses	0.58	0.45	1.32
Total Other Expenses	5.25	4.91	6.26
TOTAL FACTORY EXPENSES	12.33	11.51	13.55
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.25	1.61	1.26
Salaries - office	1.82	1.67	2.21
Payroll taxes	0.26	0.22	0.24
Employee benefits	0.44	0.33	0.43
Bad debts	0.46	0.31	1.20
Office supplies and expenses	0.37	0.40	0.23
Professional fees	0.39	0.40	0.31
Taxes - business	0.10	0.14	0.22
Telephone	0.38	0.32	0.31
Other administrative expenses	1.07	0.92	1.24
TOTAL ADMINISTRATIVE EXPENSES	7.54	6.32	7.65
SELLING EXPENSES			
Salaries - executive	1.13	1.16	0.54
Salaries and commissions - salesmen	3.95	2.92	2.23
Salaries - sales office clerical	0.50	0.74	0.57
Payroll taxes	0.28	0.29	0.22
Employee benefits	0.33	0.37	0.29
Advertising	0.28	0.23	0.24
Travel and entertainment	0.69	0.50	0.50
Other selling expenses	0.69	1.06	0.33
TOTAL SELLING EXPENSES	7.85	7.27	4.92

** Sample insufficient for Profit Leaders.

NEWSPAPER		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
1.23%	1.20%	1.77%	1.91%	3.05%
17.80	13.60	17.23	12.67	15.33
0.95	2.23	1.60	0.81	1.87
2.06	1.63	0.83	0.63	1.03
1.09	0.99	1.67	1.03	1.71
2.22	3.38	2.62	1.33	2.74
25.35	23.03	25.72	18.38	25.73
1.05	1.66	0.24	0.38	0.67
2.93	2.85	3.22	4.84	2.19
0.18	0.20	0.24	0.32	0.18
0.06	0.09	0.10	0.00	0.15
0.41	0.30	0.27	0.17	0.30
0.58	0.05	0.43	0.00	1.05
0.90	0.70	1.26	1.59	1.10
0.08	0.09	0.27	0.28	0.82
6.19	5.94	6.03	7.58	6.46
1.60	2.36	2.00	1.73	1.72
1.17	1.61	0.86	1.12	1.32
2.65	2.01	2.32	2.10	1.13
0.37	0.09	0.83	0.07	1.07
5.79	6.07	6.01	5.02	5.24
11.98	12.01	12.04	12.60	11.70
2.02	1.56	1.30	1.53	2.45
1.33	0.89	1.86	1.35	2.91
0.16	0.12	0.23	0.30	0.32
0.38	0.55	0.56	0.21	0.35
0.50	0.23	0.64	0.63	0.29
0.43	0.29	0.32	0.25	0.80
0.55	0.26	0.52	0.55	0.59
0.17	0.14	0.25	0.12	0.06
0.51	0.73	0.34	0.70	0.33
0.87	1.08	0.94	0.56	1.57
6.92	5.85	6.96	6.20	9.67
0.71	0.81	0.58	1.09	1.92
2.44	0.45	2.67	3.64	4.20
0.14	0.15	0.67	0.32	0.60
0.12	0.03	0.23	0.39	0.38
0.19	0.35	0.29	0.09	0.49
0.27	0.24	0.09	0.05	0.55
0.62	0.17	0.69	1.16	0.94
1.29	0.24	0.42	0.08	0.70
5.78	2.44	5.64	6.82	9.78

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	4.17%	4.21%	0.61%
Receivables	34.31	35.58	32.96
Inventories	16.06	16.61	19.76
Other current assets	3.09	6.04	4.09
TOTAL CURRENT ASSETS	57.63	62.44	57.42
FIXED ASSETS			
Real estate	10.93	8.16	10.36
Less: Accumulated depreciation	2.66	1.86	4.06
	8.27	6.30	6.30
Machinery and equipment	66.25	58.14	77.08
Less: Accumulated depreciation	36.15	32.06	45.32
	30.10	26.08	31.76
Other fixed assets	5.61	8.01	2.33
Less: Accumulated depreciation	3.06	4.53	1.41
	2.55	3.48	0.92
NET FIXED ASSETS	40.92	35.86	38.98
OTHER ASSETS	1.45	1.70	3.60
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.36	6.29	9.30
Accounts payable	14.60	14.76	18.74
Other current liabilities	9.76	8.34	9.23
TOTAL CURRENT LIABILITIES	34.72	29.39	37.27
LONG-TERM LIABILITIES	28.13	19.87	23.72
TOTAL LIABILITIES	62.85	49.26	60.99
SHAREHOLDERS' AND PROPRIETORS' EQUITY	37.15	50.74	39.01
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.66	2.12	1.54
QUICK RATIO	1.20	1.56	1.01
TOTAL LIABILITIES TO EQUITY	1.69	0.97	1.56
LONG-TERM LIABILITIES TO EQUITY	0.76	0.39	0.61
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.55	0.55	0.59

** Sample insufficient for Profit Leaders.

NEWSPAPER		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
2.01%	0.08%	1.45%	0.93%	12.01%
28.31	22.39	34.52	28.91	27.12
17.23	9.73	18.77	20.21	17.86
3.86	0.29	4.73	7.11	5.33
51.41	32.49	59.47	57.16	62.32
17.15	27.96	13.79	14.59	15.52
5.32	7.25	5.90	4.21	2.91
11.83	20.71	7.89	10.38	12.61
60.83	63.30	62.76	55.66	51.80
32.84	32.32	34.92	29.39	32.69
27.99	30.98	27.84	26.27	19.11
4.77	1.98	5.19	11.98	7.59
2.67	0.44	3.11	6.59	3.97
2.10	1.54	2.08	5.39	3.62
41.92	53.23	37.81	42.04	35.34
6.67	14.28	2.72	0.80	2.34
100.00	100.00	100.00	100.00	100.00
3.19	0.99	9.88	6.06	5.02
21.17	24.69	15.47	15.18	12.30
6.00	5.35	11.25	9.06	8.85
30.36	31.03	36.60	30.30	26.17
15.85	6.89	25.09	17.65	27.38
46.21	37.92	61.69	47.95	53.55
53.79	62.08	38.31	52.05	46.45
100.00	100.00	100.00	100.00	100.00
1.69	1.05	1.62	1.89	2.38
1.13	0.73	1.11	1.22	1.70
0.86	0.61	1.61	0.92	1.15
0.29	0.11	0.65	0.34	0.59
0.54	0.51	0.56	0.53	0.63

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 45,605	$ 47,702	$ 37,791
Average assets per factory employee (Excluding Executives)	62,167	64,468	46,683
Average net worth per employee - All employees	17,486	25,388	14,405
Average gross plant investment per factory employee (Excluding Executives)	50,460	46,579	42,132
Net worth percentage of fixed assets	110.75%	141.39%	118.68%
EMPLOYEES			
Percent factory - All employees	78.06%	79.09%	83.63%
Percent administrative - All employees	11.23	9.28	9.72
Percent sales - All employees	10.71	11.63	6.65
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 88,564	$ 102,662	$ 78,342
Sales per factory employee	114,214	128,625	93,699
Sales less material per factory employee	66,237	74,148	55,789
Sales per administrative employee	1,029,693	1,520,970	909,328
EXCLUDING EXECUTIVES			
Sales per employee - All employees	97,124	112,515	83,154
Sales per factory employee	121,092	137,633	98,054
Sales less material per factory employee	70,245	79,436	58,252
SALES PER SALESMAN	818,898	1,053,607	978,035
SALES TO CURRENT ASSETS	364%	356%	393%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	35.78%	31.46%	39.66%
Factory payroll percentage of gross plant investment	73.51	68.27	81.58
Payroll per employee - All employees	$ 30,815	$ 30,517	$ 30,131
Payroll per factory employee	27,338	27,256	28,835
Payroll per administrative employee	37,188	39,449	33,049
Payroll per sales employee	54,547	51,849	45,938
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 24,152	$ 24,101	$ 23,833
Payroll per factory employee	22,412	22,437	23,432
Payroll per administrative employee	18,993	20,876	18,989
Payroll per sales employee	43,826	42,069	39,939
EXECUTIVE PAYROLL			
Payroll per executive - All executives	55,835	53,863	53,607
Payroll per factory executive	39,406	34,691	33,263
Payroll per administrative executive	73,311	83,853	61,616
Payroll per sales executive	67,173	77,382	43,777
RECEIVABLES			
Collection period	63.9	60.2	58.4
PROFIT			
Gross profit percentage of sales	21.69%	25.68%	15.19%
Average gross profit per factory employee	$ 26,807	$ 35,266	$ 14,624
Income before taxes percentage of sales	4.82%	11.78%	1.39%
Average income before taxes per employee	$ 4,772	$ 12,283	$ 1,276

** Sample insufficient for Profit Leaders.

NEWSPAPER		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 29,057	$ 34,319	$ 43,449	$ 64,553	$ 36,161
36,231	39,387	58,271	84,282	55,318
15,990	21,315	17,106	33,770	15,747
28,522	36,694	44,904	69,282	30,205
162.86%	117.99%	111.82%	124.40%	198.47%
83.31%	90.08%	80.57%	79.98%	71.77%
10.02	7.60	10.60	10.80	13.78
6.67	2.32	8.83	9.22	14.45
$ 59,562	$ 66,587	$ 77,876	$ 85,700	$ 69,221
71,581	73,907	98,343	106,111	97,672
39,998	40,391	52,256	58,610	60,917
704,658	876,396	797,231	778,522	533,461
63,812	71,609	83,952	92,932	77,253
73,856	76,471	104,383	111,562	105,855
41,283	41,688	55,364	61,644	66,078
397,776	365,169	1,350,974	1,046,340	368,976
477%	603%	325%	231%	365%
32.84%	27.93%	34.10%	27.31%	39.36%
70.60	47.17	64.62	29.39	72.89
$ 18,577	$ 18,373	$ 25,862	$ 23,457	$ 26,587
17,434	16,814	23,943	19,720	23,978
22,412	27,095	30,775	26,799	29,865
32,892	49,846	44,678	70,618	39,531
$ 14,948	$ 13,451	$ 20,005	$ 17,879	$ 19,414
14,705	13,190	19,105	15,829	18,120
11,794	13,137	17,452	14,985	17,718
25,745	28,525	34,871	52,289	27,104
36,328	33,947	43,868	50,003	52,665
26,545	27,088	36,028	36,544	45,204
44,072	34,296	48,436	46,023	58,697
29,153	45,646	55,090	108,630	63,031
50.0	43.3	72.0	87.7	48.7
19.44%	20.01%	17.01%	24.74%	25.89%
$ 14,403	$ 15,259	$ 18,101	$ 27,202	$ 28,008
6.26%	11.67%	3.81%	11.92%	5.31%
$ 3,968	$ 7,741	$ 2,936	$ 10,224	$ 3,960

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 2.18	$ 1.85	$ 0.39
Receivables	17.09	16.29	15.25
Inventories	8.00	7.65	8.91
Marketable securities	0.60	1.46	0.75
Other current assets	1.06	1.67	1.02
	28.93	28.92	26.32
Plant Investment:			
Land and building	6.38	4.19	4.82
Machinery and equipment	33.57	27.40	37.82
Other fixed assets	2.77	3.65	1.06
	42.72	35.24	43.70
Non-Current Assets	0.81	0.86	1.56
TOTAL INVESTMENT	72.46	65.02	71.58
INVESTMENT TURNOVER PER $100 OF SALES	138.01%	153.80%	139.70%
EARNINGS			
Cost of Product	$78.31	$74.32	$84.81
Selling Expenses	7.85	7.27	4.92
Administrative Expenses	7.54	6.32	7.65
	93.70	87.91	97.38
Income Before Interest, Other Income, and Taxes	6.30	12.09	2.62
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	8.69%	18.59%	3.66%

** Sample insufficient for Profit Leaders.

NEWSPAPER		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 1.18	$ 0.04	$ 0.67	$ 0.54	$ 4.91
13.08	11.45	18.45	22.48	13.06
8.54	5.01	10.18	15.67	8.95
1.55	0.00	2.34	4.05	0.13
0.45	0.16	0.52	1.20	3.54
24.80	16.66	32.16	43.94	30.59
9.37	14.88	7.22	11.13	10.10
28.39	32.81	34.73	42.82	23.12
2.37	1.08	3.11	9.00	3.35
40.13	48.77	45.06	62.95	36.57
3.05	7.29	1.42	0.58	1.26
67.98	72.72	78.64	107.47	68.42
147.10%	137.51%	127.16%	93.05%	146.16%
$80.56	$79.99	$82.99	$75.26	$74.11
5.78	2.44	5.64	6.82	9.78
6.92	5.85	6.96	6.20	9.67
93.26	88.28	95.59	88.28	93.56
6.74	11.72	4.41	11.72	6.44
9.91%	16.12%	5.61%	10.91%	9.41%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	21% TO 41%		41% TO 61%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	43.61	39.46	42.84	36.37
FACTORY EXPENSES	21.12	19.21	20.49	19.59
TOTAL FACTORY COST OF PRODUCT	64.73	58.67	63.33	55.96
GROSS PROFIT	35.27	41.33	36.67	44.04
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	12.43	10.51	12.99	9.71
Selling expenses	13.21	13.22	13.14	11.13
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	25.64	23.73	26.13	20.84
INCOME BEFORE INTEREST EXPENSE	9.63	17.60	10.54	23.20
Interest expense	3.93	1.44	3.32	1.72
OPERATING INCOME	5.70	16.16	7.22	21.48
Other income	1.46	2.06	1.03	2.18
INCOME BEFORE INCOME TAXES	7.16	18.22	8.25	23.66

61% TO 81%		81% TO 99%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X
X	X	X	X
100.00%	100.00%	100.00%	100.00%
44.75	34.56	35.56	37.83
20.96	21.55	21.91	22.24
65.71	56.11	57.47	60.07
34.29	43.89	42.53	39.93
13.54	12.03	14.56	13.03
11.08	8.69	9.75	6.77
24.62	20.72	24.31	19.80
9.67	23.17	18.22	20.13
2.94	3.67	2.20	1.48
6.73	19.50	16.02	18.65
1.34	0.07	0.83	0.53
8.07	19.57	16.85	19.18

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	21% TO 41%		41% TO 61%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.75%	3.10%	3.78%	3.52%
Direct wages	29.55	26.12	28.67	25.41
General factory salaries and wages	3.54	3.23	2.26	2.14
Packing, shipping and delivery wages	1.39	0.81	1.78	1.01
Payroll taxes	2.85	2.40	2.83	2.31
Employee benefits	3.53	3.80	3.52	1.98
TOTAL FACTORY PAYROLL	43.61	39.46	42.84	36.37
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.61	0.28	0.44	0.36
Depreciation - other	5.66	4.76	4.84	6.53
Taxes - real estate	0.39	0.17	0.28	0.36
Taxes - other	0.29	0.27	0.34	0.32
Insurance	0.59	0.46	0.54	0.44
Building rent	1.52	2.27	1.66	0.94
Utilities - heat, light, etc.	2.20	1.85	1.99	2.25
Equipment rental	0.63	0.64	1.49	0.37
Total Fixed Expenses	11.89	10.70	11.58	11.57
Other Expenses				
Factory supplies and expense	3.69	3.22	3.10	3.55
Packing, shipping and delivery expense	1.79	1.49	1.75	1.25
Repairs and maintenance	2.59	2.81	2.71	2.99
Other factory expenses	1.16	0.99	1.35	0.23
Total Other Expenses	9.23	8.51	8.91	8.02
TOTAL FACTORY EXPENSES	21.12	19.21	20.49	19.59
ADMINISTRATIVE EXPENSES				
Salaries - executive	3.29	2.56	3.47	3.00
Salaries - office	3.12	2.35	3.01	1.88
Payroll taxes	0.39	0.31	0.43	0.37
Employee benefits	0.60	0.48	0.81	0.33
Bad debts	0.82	0.48	1.32	0.91
Office supplies and expenses	0.68	0.75	0.64	0.40
Professional fees	0.64	0.82	0.95	0.77
Taxes - business	0.17	0.13	0.22	0.30
Telephone	0.68	0.63	0.66	0.78
Other administrative expenses	2.04	2.00	1.48	0.97
TOTAL ADMINISTRATIVE EXPENSES	12.43	10.51	12.99	9.71
SELLING EXPENSES				
Salaries - executive	1.51	2.19	2.15	1.55
Salaries and commissions - salesmen	6.55	4.20	6.74	5.37
Salaries - sales office clerical	1.01	1.61	0.67	0.50
Payroll taxes	0.43	0.49	0.52	0.46
Employee benefits	0.53	0.81	0.53	0.25
Advertising	0.54	0.53	0.42	0.14
Travel and entertainment	1.35	0.81	1.20	1.47
Other selling expenses	1.29	2.58	0.91	0.39
TOTAL SELLING EXPENSES	13.21	13.22	13.14	11.13

61% TO 81%		81% TO 99%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.16%	1.69%	2.36%	2.09%
29.96	24.11	20.74	22.92
2.56	1.70	3.31	3.53
1.51	1.11	2.27	2.23
2.91	2.50	2.26	1.93
4.65	3.45	4.62	5.13
44.75	34.56	35.56	37.83
0.67	0.69	1.63	2.32
5.36	4.58	4.70	5.07
0.30	0.41	0.43	0.45
0.31	0.26	0.09	0.11
0.51	0.56	0.65	0.54
1.69	1.26	0.13	0.08
2.45	2.55	1.77	1.62
0.64	2.81	0.17	0.11
11.93	13.12	9.57	10.30
3.43	3.36	3.98	5.33
1.48	1.39	4.22	3.53
3.16	3.03	3.48	2.45
0.96	0.65	0.66	0.63
9.03	8.43	12.34	11.94
20.96	21.55	21.91	22.24
3.93	3.13	3.75	3.93
3.69	4.90	3.47	2.29
0.54	0.59	0.38	0.28
0.89	0.98	0.91	0.69
0.63	0.05	0.34	0.35
0.59	0.60	1.08	1.34
0.53	0.43	1.51	1.56
0.29	0.23	0.25	0.16
0.54	0.31	0.74	0.81
1.91	0.81	2.13	1.62
13.54	12.03	14.56	13.03
1.73	1.18	2.52	3.20
5.09	4.32	3.58	1.21
0.83	0.89	0.32	0.16
0.40	0.45	0.32	0.13
0.53	0.38	0.82	0.55
0.44	0.17	0.26	0.32
0.84	0.41	1.30	0.95
1.22	0.89	0.63	0.25
11.08	8.69	9.75	6.77

REPORT ON OPERATIONS - SALES = 100%

	21% TO 41%		41% TO 61%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	27.35	25.31	27.37	25.82
Other chargeable materials	4.83	4.51	5.56	9.05
Outside services	7.13	7.75	9.25	8.04
TOTAL MATERIALS	39.31	37.57	42.18	42.91
FACTORY PAYROLL	26.51	24.59	24.97	21.33
FACTORY EXPENSES	12.78	11.97	11.89	11.40
TOTAL FACTORY COST OF PRODUCT	78.60	74.13	79.04	75.64
GROSS PROFIT	21.40	25.87	20.96	24.36
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	7.58	6.65	7.54	5.81
Selling expenses	8.00	8.31	7.62	6.20
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.58	14.96	15.16	12.01
INCOME BEFORE INTEREST EXPENSE	5.82	10.91	5.80	12.35
Interest expense	2.34	0.89	1.86	1.02
OPERATING INCOME	3.48	10.02	3.94	11.33
Other income	0.88	1.35	0.73	1.53
INCOME BEFORE INCOME TAXES	4.36	11.37	4.67	12.86

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	1.72%	1.20%	1.96%	2.84%
Film	1.15	0.88	0.97	0.71
Plates	1.13	1.33	1.14	1.41
Other chargeable materials	0.83	1.10	1.49	4.09
TOTAL OTHER CHARGEABLE MATERIALS	4.83	4.51	5.56	9.05
OUTSIDE SERVICES				
Composition	1.13	2.23	0.83	0.13
Offset preparation	0.98	0.64	0.92	1.20
Printing	0.87	0.11	1.47	0.28
Binding	1.86	1.22	3.08	1.00
Other outside services	2.29	3.55	2.95	5.43
TOTAL OUTSIDE SERVICES	7.13	7.75	9.25	8.04

61% TO 81%		81% TO 99%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%
30.88	27.26	38.00	37.46
5.19	5.54	4.86	5.07
5.95	8.40	2.85	1.95
42.02	41.20	45.71	44.48
25.85	20.22	19.51	21.28
12.09	12.58	11.76	12.33
79.96	74.00	76.98	78.09
20.04	26.00	23.02	21.91
7.88	7.18	7.79	7.16
6.53	5.15	5.43	3.82
14.41	12.33	13.22	10.98
5.63	13.67	9.80	10.93
1.70	2.20	1.17	0.78
3.93	11.47	8.63	10.15
0.74	0.04	0.49	0.37
4.67	11.51	9.12	10.52
2.51%	3.47%	1.68%	1.43%
0.95	0.81	0.87	0.95
1.02	0.97	0.76	0.92
0.71	0.29	1.55	1.77
5.19	5.54	4.86	5.07
0.31	0.16	0.50	0.49
0.88	0.49	0.13	0.22
2.02	2.14	1.83	0.89
1.58	2.75	0.07	0.12
1.16	2.86	0.32	0.23
5.95	8.40	2.85	1.95

SUPPORTING SCHEDULES - SALES = 100%

	21% TO 41%		41% TO 61%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.67%	1.89%	2.25%	2.13%
Direct wages	17.94	16.28	16.56	14.90
General factory salaries and wages	2.20	2.10	1.36	1.18
Packing, shipping and delivery wages	0.81	0.50	1.03	0.53
Payroll taxes	1.74	1.48	1.69	1.43
Employee benefits	2.15	2.34	2.08	1.16
TOTAL FACTORY PAYROLL	26.51	24.59	24.97	21.33
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.37	0.18	0.28	0.21
Depreciation - other	3.39	2.96	2.76	3.83
Taxes - real estate	0.23	0.11	0.16	0.21
Taxes - other	0.17	0.17	0.20	0.22
Insurance	0.36	0.30	0.31	0.29
Building rent	0.92	1.42	0.97	0.58
Utilities - heat, light, etc.	1.32	1.16	1.17	1.35
Equipment rental	0.41	0.36	0.88	0.18
Total Fixed Expenses	7.17	6.66	6.73	6.87
Other Expenses				
Factory supplies and expense	2.26	2.02	1.81	1.98
Packing, shipping and delivery expense	1.06	0.93	0.98	0.69
Repairs and maintenance	1.58	1.74	1.58	1.75
Other factory expenses	0.71	0.62	0.79	0.11
Total Other Expenses	5.61	5.31	5.16	4.53
TOTAL FACTORY EXPENSES	12.78	11.97	11.89	11.40
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.04	1.60	2.08	1.86
Salaries - office	1.88	1.49	1.75	1.12
Payroll taxes	0.23	0.20	0.25	0.22
Employee benefits	0.36	0.30	0.48	0.19
Bad debts	0.50	0.30	0.70	0.52
Office supplies and expenses	0.43	0.48	0.37	0.22
Professional fees	0.39	0.53	0.54	0.48
Taxes - business	0.10	0.09	0.13	0.18
Telephone	0.41	0.40	0.38	0.47
Other administrative expenses	1.24	1.26	0.86	0.55
TOTAL ADMINISTRATIVE EXPENSES	7.58	6.65	7.54	5.81
SELLING EXPENSES				
Salaries - executive	0.94	1.40	1.24	0.90
Salaries and commissions - salesmen	3.95	2.67	3.88	3.47
Salaries - sales office clerical	0.61	1.01	0.40	0.27
Payroll taxes	0.26	0.31	0.31	0.27
Employee benefits	0.32	0.50	0.31	0.14
Advertising	0.33	0.33	0.26	0.08
Travel and entertainment	0.82	0.50	0.69	0.86
Other selling expenses	0.77	1.59	0.53	0.21
TOTAL SELLING EXPENSES	8.00	8.31	7.62	6.20

61% TO 81%		81% TO 99%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.80%	1.00%	1.24%	1.08%
17.35	14.10	11.41	12.95
1.48	1.00	1.73	1.80
0.87	0.64	1.22	1.24
1.67	1.47	1.22	1.10
2.68	2.01	2.69	3.11
25.85	20.22	19.51	21.28
0.37	0.40	0.84	1.18
3.09	2.67	2.72	3.09
0.17	0.24	0.25	0.26
0.17	0.15	0.05	0.06
0.30	0.32	0.33	0.29
0.97	0.72	0.06	0.04
1.40	1.49	0.98	0.92
0.39	1.71	0.09	0.06
6.86	7.70	5.32	5.90
1.99	1.96	2.14	2.86
0.87	0.80	2.14	1.86
1.81	1.74	1.80	1.34
0.56	0.38	0.36	0.37
5.23	4.88	6.44	6.43
12.09	12.58	11.76	12.33
2.32	1.89	1.99	2.17
2.16	2.90	1.90	1.26
0.31	0.36	0.21	0.16
0.50	0.59	0.51	0.41
0.36	0.03	0.16	0.17
0.35	0.35	0.59	0.75
0.30	0.26	0.81	0.86
0.16	0.14	0.13	0.10
0.31	0.18	0.42	0.48
1.11	0.48	1.07	0.80
7.88	7.18	7.79	7.16
1.01	0.71	1.43	1.85
2.99	2.53	1.98	0.61
0.48	0.54	0.19	0.10
0.23	0.27	0.17	0.07
0.31	0.23	0.47	0.34
0.26	0.10	0.13	0.16
0.49	0.25	0.70	0.53
0.76	0.52	0.36	0.16
6.53	5.15	5.43	3.82

BALANCE SHEET

	21% TO 41%		41% TO 61%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	4.27%	5.91%	5.61%	8.62%
Receivables	34.26	38.22	33.02	25.76
Inventories	14.06	13.10	18.76	18.80
Other current assets	2.77	5.22	4.52	7.05
TOTAL CURRENT ASSETS	55.36	62.45	61.91	60.23
FIXED ASSETS				
Real estate	13.74	6.15	10.09	11.31
Less: Accumulated depreciation	3.63	2.05	2.32	2.14
	10.11	4.10	7.77	9.17
Machinery and equipment	67.39	62.43	60.29	55.21
Less: Accumulated depreciation	36.77	35.23	34.81	29.42
	30.62	27.20	25.48	25.79
Other fixed assets	6.46	9.97	4.71	7.89
Less: Accumulated depreciation	3.69	5.70	2.67	4.42
	2.77	4.27	2.04	3.47
NET FIXED ASSETS	43.50	35.57	35.29	38.43
OTHER ASSETS	1.14	1.98	2.80	1.34
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	10.22	6.91	9.63	4.67
Accounts payable	13.52	15.08	18.58	13.14
Other current liabilities	10.64	6.32	8.80	10.87
TOTAL CURRENT LIABILITIES	34.38	28.31	37.01	28.68
LONG-TERM LIABILITIES	28.60	17.40	25.76	15.07
TOTAL LIABILITIES	62.98	45.71	62.77	43.75
SHAREHOLDERS' AND PROPRIETORS' EQUITY	37.02	54.29	37.23	56.25
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.61	2.21	1.67	2.10
QUICK RATIO	1.20	1.74	1.17	1.44
TOTAL LIABILITIES TO EQUITY	1.70	0.84	1.69	0.78
LONG-TERM LIABILITIES TO EQUITY	0.77	0.32	0.69	0.27
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.55	0.56	0.58	0.53

61% TO 81%		81% TO 99%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
4.02%	2.48%	5.62%	5.23%
32.83	36.30	19.34	22.35
17.79	18.59	22.80	13.04
4.07	6.50	3.83	1.86
58.71	63.87	51.59	42.48
10.13	13.87	21.49	22.29
3.81	2.85	4.39	6.07
6.32	11.02	17.10	16.22
67.82	51.44	49.08	65.84
37.74	29.36	26.93	35.94
30.08	22.08	22.15	29.90
4.58	4.83	5.86	2.77
2.17	2.52	3.27	1.08
2.41	2.31	2.59	1.69
38.81	35.41	41.84	47.81
2.48	0.72	6.57	9.71
100.00	100.00	100.00	100.00
7.40	6.72	3.98	1.70
13.23	13.24	17.72	21.87
8.72	8.11	7.02	5.84
29.35	28.07	28.72	29.41
25.43	32.11	15.07	5.43
54.78	60.18	43.79	34.84
45.22	39.82	56.21	65.16
100.00	100.00	100.00	100.00
2.00	2.28	1.80	1.44
1.39	1.61	1.00	1.00
1.21	1.51	0.78	0.53
0.56	0.81	0.27	0.08
0.56	0.57	0.55	0.55

SIGNIFICANT FACTS

	21% TO 41%		41% TO 61%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 43,016	$ 38,541	$ 44,031	$ 64,169
Average assets per factory employee (Excluding Executives)	58,385	52,270	60,273	85,022
Average net worth per employee - All employees	16,077	22,962	17,633	35,852
Average gross plant investment per factory employee (Excluding Executives)	51,235	41,055	42,740	62,013
Net worth percentage of fixed assets	112.35%	155.57%	128.37%	147.20%
EMPLOYEES				
Percent factory - All employees	78.40%	78.30%	78.28%	81.39%
Percent administrative - All employees	10.58	9.26	11.00	9.57
Percent sales - All employees	11.02	12.44	10.72	9.04
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 80,941	$ 188,133	$ 82,519	$ 105,667
Sales per factory employee	104,274	110,642	105,774	128,996
Sales less material per factory employee	62,846	68,821	59,184	68,723
Sales per administrative employee	920,894	1,176,247	932,191	1,347,472
EXCLUDING EXECUTIVES				
Sales per employee - All employees	88,184	97,406	91,074	117,108
Sales per factory employee	110,257	118,650	113,290	139,263
Sales less material per factory employee	66,474	73,746	63,467	74,546
SALES PER SALESMAN	897,725	894,821	736,114	1,148,316
SALES TO CURRENT ASSETS	366%	380%	346%	271%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	37.10%	34.06%	35.66%	29.77%
Factory payroll percentage of gross plant investment	64.17	78.90	80.27	44.55
Payroll per employee - All employees	$ 29,544	$ 29,251	$ 27,896	$ 28,504
Payroll per factory employee	26,968	27,087	24,772	24,897
Payroll per administrative employee	35,141	34,795	32,145	31,168
Payroll per sales employee	48,351	43,500	50,522	64,073
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 23,756	$ 22,823	$ 21,610	$ 23,256
Payroll per factory employee	22,330	22,075	20,029	21,069
Payroll per administrative employee	19,147	18,140	15,953	16,033
Payroll per sales employee	40,581	32,060	42,587	53,492
EXECUTIVE PAYROLL				
Payroll per executive - All executives	51,145	53,343	49,197	44,304
Payroll per factory executive	35,564	33,924	38,298	32,398
Payroll per administrative executive	64,099	76,695	58,107	56,302
Payroll per sales executive	54,556	67,957	62,114	78,871
RECEIVABLES				
Collection period	66.4	60.2	61.9	63.1
PROFIT				
Gross profit percentage of sales	21.40%	25.87%	20.96%	24.36%
Average gross profit per factory employee	$ 24,077	$ 30,732	$ 24,090	$ 33,490
Income before taxes percentage of sales	4.36%	11.37%	4.67%	12.86%
Average income before taxes per employee	$ 3,842	$ 10,106	$ 4,424	$ 13,537

61% TO 81%		81% TO 99%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 40,965	$ 53,107	$ 43,647	$ 38,819
55,526	70,992	59,247	46,796
17,654	23,081	23,542	25,580
43,688	49,178	43,732	42,172
129.32%	106.92%	195.51%	143.00%
78.53%	78.84%	80.94%	86.43%
12.64	10.70	11.59	9.54
8.83	10.46	7.47	4.03
$ 84,571	$ 107,329	$ 83,137	$ 77,455
108,773	138,245	106,874	91,069
62,145	81,558	58,306	50,529
929,457	1,854,365	748,102	830,403
92,171	113,405	89,899	83,469
114,828	143,717	111,902	93,582
65,554	84,833	61,065	51,848
878,027	1,209,045	330,877	257,584
387%	320%	432%	513%
36.16%	30.25%	28.36%	28.24%
82.42	58.43	51.05	45.70
$ 29,748	$ 32,473	$ 23,794	$ 21,794
26,761	27,726	20,151	18,638
35,673	56,436	33,202	32,274
50,833	57,637	50,689	56,817
$ 22,491	$ 24,819	$ 16,669	$ 14,678
21,401	22,357	15,278	14,348
18,969	31,347	17,326	15,117
35,962	49,537	29,662	25,916
57,739	66,148	55,303	58,739
42,596	40,827	37,943	26,723
78,060	117,367	67,415	60,359
69,008	91,435	59,004	73,873
57.6	65.2	38.5	42.1
20.04%	26.00%	23.02%	21.91%
$ 23,861	$ 38,488	$ 27,347	$ 21,132
4.67%	11.51%	9.12%	10.52%
$ 4,202	$ 12,552	$ 7,321	$ 7,874

RETURN ON INVESTMENT - PER $100 OF SALES

	21% TO 41%		41% TO 61%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 2.21	$ 2.46	$ 3.47	$ 7.81
Receivables	17.69	16.35	16.17	16.50
Inventories	7.47	5.77	9.23	11.19
Marketable securities	0.34	0.73	1.03	3.28
Other current assets	1.15	1.81	1.83	1.61
	28.86	27.12	31.73	40.39
Plant Investment:				
Land and building	8.20	3.35	6.17	8.17
Machinery and equipment	35.79	27.75	29.98	37.57
Other fixed assets	3.18	4.23	2.56	5.42
	47.17	35.33	38.71	51.16
Non-Current Assets	0.69	0.91	1.44	0.86
TOTAL INVESTMENT	76.72	63.36	71.88	92.41
INVESTMENT TURNOVER PER $100 OF SALES	130.34%	157.83%	139.12%	108.21%
EARNINGS				
Cost of Product	$78.60	$74.13	$79.04	$75.64
Selling Expenses	8.00	8.31	7.62	6.20
Administrative Expenses	7.58	6.65	7.54	5.81
	94.18	89.09	94.20	87.65
Income Before Interest, Other Income, and Taxes	5.82	10.91	5.80	12.35
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.59%	17.22%	8.07%	13.36%

61% TO 81%		81% TO 99%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 1.75	$ 1.26	$ 2.90	$ 2.53
15.49	17.79	10.04	11.22
8.28	9.06	11.98	6.50
1.40	0.79	0.95	0.00
0.70	2.38	1.04	0.90
27.62	31.28	26.91	21.15
5.25	7.04	11.68	11.68
32.02	25.30	25.24	33.27
2.08	2.25	3.13	1.42
39.35	34.59	40.05	46.37
1.10	0.39	3.40	4.95
68.07	66.26	70.36	72.47
146.91%	150.92%	142.13%	137.99%
$79.96	$74.00	$76.98	$78.09
6.53	5.15	5.43	3.82
7.88	7.18	7.79	7.16
94.37	86.33	90.20	89.07
5.63	13.67	9.80	10.93
8.27%	20.63%	13.93%	15.08%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	102	$ 5,876,000	$10,950,000	$ 596,000
TOTAL - PROFIT LEADERS*	19	7,235,000	13,917,000	1,669,000
BY SIZE OF FIRM				
ALL FIRMS				
$0-$1,500,000	6	533,000	1,059,000	33,000
$1,500,000-$5,000,000	35	1,704,000	3,616,000	152,000
$5,000,000-$10,000,000	28	4,088,000	7,220,000	347,000
$10,000,000-$20,000,000	23	7,988,000	14,504,000	536,000
Over $20,000,000	10	23,826,000	44,827,000	3,322,000
PROFIT LEADERS				
$1,500,000-$5,000,000	6	1,462,000	3,192,000	350,000
$5,000,000-$10,000,000	4	5,067,000	7,156,000	883,000
$10,000,000-$20,000,000	3	7,140,000	15,013,000	1,457,000
Over $20,000,000	5	17,344,000	34,199,000	4,324,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	65	6,919,000	12,987,000	756,000
Magazine and Periodical	6	4,762,000	9,691,000	127,000
Newspaper	8	1,792,000	3,819,000	239,000
Book	11	6,212,000	11,285,000	507,000
No Predominant Product	10	2,992,000	5,008,000	246,000
PROFIT LEADERS				
Commercial and Advertising	13	7,897,000	16,533,000	1,994,000
Newspaper	2	1,872,000	3,656,000	420,000
Book	2	10,716,000	14,458,000	1,726,000
BY PERCENTAGE OF WEB SALES				
ALL FIRMS				
21% To 41%	43	4,971,000	9,059,000	423,000
41% To 61%	29	6,431,000	11,525,000	761,000
61% To 81%	24	7,600,000	15,091,000	755,000
81% To 99%	5	2,934,000	5,544,000	477,000
PROFIT LEADERS				
21% To 41%	7	4,417,000	9,180,000	1,042,000
41% To 61%	6	9,656,000	17,152,000	2,163,000
61% To 81%	3	13,889,000	27,766,000	3,349,000
81% To 99%	3	2,316,000	4,653,000	462,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of its size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Unlike the ratios shown in this book, these figures are arithmetic averages.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services

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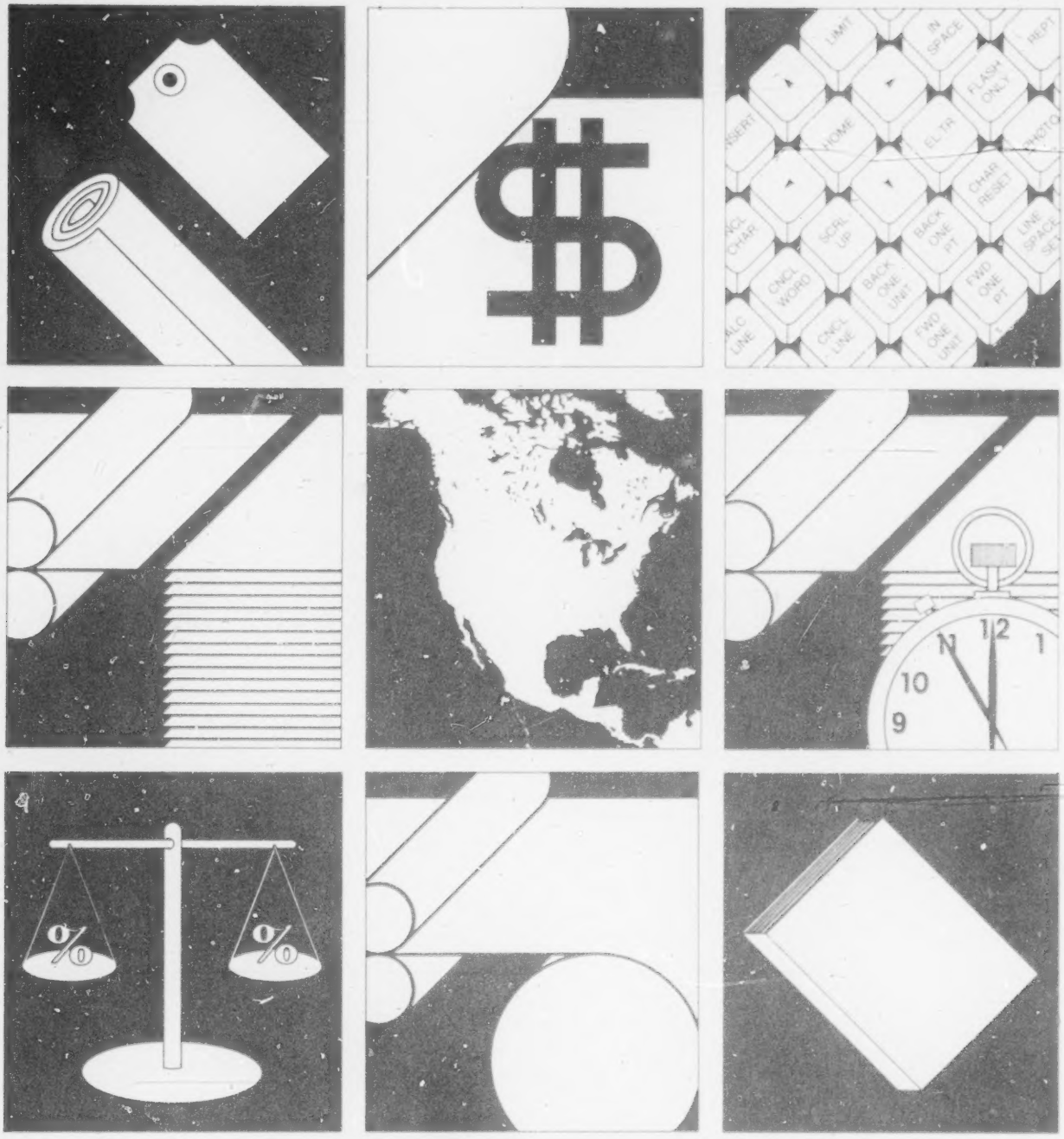
Printing Industries of America, Inc.

1984 Financial Ratios



Volume IX
Book Manufacturers' Ratios

ABOUT PIA . . .

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 11,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Management Services Department is active in financial management offering numerous publications, conferences, and seminars:

- Best & Worst Markets for Printers in the 1980s - a unique marketing and financial planning aid, available by subscription
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981-82 Production Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation
- 1984 Executive Compensation Report
- Costing, Estimating, and Pricing Systems Conferences
- Managing your Printing Business Conferences

For information on any of the above contact the Management Services Department:

Printing Industries of America, Inc.
Management Services Department
1730 North Lynn Street
Arlington, Virginia 22209
(703) 841-8194

In addition, PIA Financial Services offers the following publications and seminars:

- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly newsletter
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management Seminars
- Seminars on financial applications for microcomputers

For further information, contact:

William A. Rose, II
Director of Financial Services
Printing Industries of America, Inc.
1730 North Lynn Street
Arlington, Virginia 22209
703/841-8145

61ST annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1984 FINANCIAL RATIOS

BOOK MANUFACTURERS

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PRINTING INDUSTRIES OF AMERICA, INC.

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Printed in U.S.A.

PRINTING INDUSTRIES OF AMERICA, INC.
1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

Dear Colleague:

1984 is the 61st year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the U.S. and Canadian graphic arts industries. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the U.S. and Canadian printing industry, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to William A. Rose, II, Director of Financial Services, Printing Industries of America, Inc., 1730 North Lynn Street, Arlington, VA 22209 (703) 841-8145.

Jim Olsen
Vice-President, Management Services
Printing Industries of America, Inc.

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1984 PIA FINANCIAL RATIOS FOR BOOK MANUFACTURERS. This Ratio Study was developed on the basis of questionnaires volunteered by 38 firms and presents the ratios and statistics of Book Manufacturers by sales volume, process specialty and product specialty.

Thus the user of the report can direct himself to the standards for his sales size — for example, sales from $.5 to $1.5 million, $1.5 to $5 million etc.; process specialty — for example, sheet-fed offset, web-fed offset or combination sheet-fed/web-fed offset; and product specialty — for example, printing and binding or printing only. Readers can compare the data from their own firm's financial statements with similar data from other firms in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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The National Association of Book Manufacturers (NABM), a special industry group of Printing Industries of America, Inc., represents the interests of book manufacturers. NABM provides information and services of special interest and benefit to this important segment of our industry.

NABM endorses the annual PIA Financial Ratio Study Program and encourages its use. If you would like more information about NABM, please do not hesitate to contact me.

Bill Hyatt
Senior Vice President
PIA Special Industry Groups

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VALUE ADDED DEFINED

Value added is simply your sales less material costs, which include paper, other chargeable materials and outside services. Value added is, therefore, that component of a sale attributable to your own manufacture. It is calculated as follows:

Sales		$100.00
Less Materials:		
Paper	$ 23.03	
Other chargeable materials	5.38	
Outside services	8.03	36.44
Value Added		$ 63.56

Other chargeable materials include ink, film, plates, etc., but not general supplies, such as repair or maintenance parts. Outside services are purchases of job-related services -- composition, offset preparation, printing, bindery, etc.

KNOWN BY OTHER TERMS

Value added is also known by such other terms as inside sales, conversion value, inside manufacturing value and real contribution to overhead and profit. Whatever the term, the concept of value added is of prime importance to the profitability of your operations.

CONCEPTUAL UNDERSTANDING OF VALUE ADDED

Once you observe that value added is the residual of sales less material costs, you realize that this value provided by your own manufacture is all you have available to pay your remaining expenses. These are:

- Factory labor
- Other factory expenses
- Administrative expenses
- Selling expenses
- Interest

Then, what is left is a profit. This is different from the basic "cost sheet concept" that we are accustomed to in the printing industry.

Since, generally, within a relevant range of operations, these expenses behave as fixed costs, the "overhead" represented by these expenses will remain practically constant. Therefore, you want to maximize your value added.

Let us illustrate this with the following example, in which we are increasing the value added derived from $1,000,000 of sales from $635,600 to $675,000 to see the effect on operating income. We will assume that "overhead" (factory labor; other factory, administrative, selling and interest expenses) will remain the same.

The assumption that these expenses will not increase is being taken with some license; actually they would increase, but very little. We are taking this liberty to prove the point that, within this relevant range, these expenses behave in a fixed manner. This helps to understand the effect of value added on profit.

	Original	After Increase in Value Added
SALES	$1,000,000	
Material Costs	364,400	
VALUE ADDED	635,600	$675,000
"Overhead"	591,000	591,000
Operating Income	$ 44,600	$ 84,000

STATEMENT OF OPERATIONS -- VALUE ADDED: THE BETTER STATEMENT

By eliminating the distortion that material costs introduce into the conventional operating statement, value added gives you a truer picture of your operations.

For example, if we were comparing the statement of operations of a short-run, sheet-fed company with that of a web-offset firm, and our comparison was related to percentages based on sales, we could have significant differences in ratios. The reason: the significant differences in material costs. It would appear that the web-offset operation had a lower factory labor cost because a substantial amount of the sale was materials. But, in truth, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

Almost every company's product mix is different and, by using statements of operations based on value added, this product mix difference is eliminated. In conclusion, the Statement of Operations -- Value Added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $500,000-$1,500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	45.73	38.08	32.90	32.92
FACTORY EXPENSES	19.89	20.02	19.40	20.63
TOTAL FACTORY COST OF PRODUCT	65.62	58.10	52.30	53.55
GROSS PROFIT	34.38	41.90	47.70	46.45
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	14.54	13.34	20.58	19.06
Selling expenses	10.56	9.66	6.06	4.06
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	25.10	23.00	26.64	23.12
INCOME BEFORE INTEREST EXPENSE	9.28	18.90	21.06	23.33
Interest expense	3.42	1.63	6.24	2.91
OPERATING INCOME	5.86	17.27	14.82	20.42
Other income	1.53	2.26	1.46	1.77
INCOME BEFORE INCOME TAXES	7.39	19.53	16.28	22.19

* See Page 10 for the definition of "Profit Leaders".

SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X
X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
49.04	30.03	43.98	33.51	46.88	46.11
20.72	21.39	20.09	20.56	18.66	18.90
69.76	51.42	64.07	54.07	65.54	65.01
30.24	48.58	35.93	45.93	34.46	34.99
15.32	12.44	14.48	17.40	11.69	8.98
10.31	6.10	11.16	11.62	11.61	12.15
25.63	18.54	25.64	29.02	23.30	21.13
4.61	30.04	10.29	16.91	11.16	13.86
3.55	2.16	4.08	1.20	1.65	1.15
1.06	27.88	6.21	15.71	9.51	12.71
1.30	0.66	1.46	3.24	1.94	2.50
2.36	28.54	7.67	18.95	11.45	15.21

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $500,000-$1,500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	3.52%	3.28%	1.57%	1.48%
Direct wages	31.08	25.05	27.14	26.87
General factory salaries and wages	3.48	3.03	0.42	0.64
Packing, shipping and delivery wages	1.20	0.85	0.16	0.24
Payroll taxes	2.66	2.36	1.71	1.32
Employee benefits	3.79	3.51	1.90	2.37
TOTAL FACTORY PAYROLL	45.73	38.08	32.90	32.92
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.37	0.47	0.50	0.75
Depreciation - other	4.04	4.18	4.66	3.32
Taxes - real estate	0.50	0.41	0.00	0.00
Taxes - other	0.21	0.24	0.09	0.00
Insurance	0.67	0.95	1.13	1.29
Building rent	1.31	0.87	1.70	1.18
Utilities - heat, light, etc.	2.11	2.29	1.38	1.27
Equipment rental	0.52	1.05	1.48	2.22
Total Fixed Expenses	9.73	10.46	10.94	10.03
Other Expenses				
Factory supplies and expense	3.66	4.00	3.43	3.10
Packing, shipping and delivery expense	1.83	1.23	1.71	1.25
Repairs and maintenance	2.80	2.47	1.81	1.76
Other factory expenses	1.87	1.86	1.51	4.49
Total Other Expenses	10.16	9.56	8.46	10.60
TOTAL FACTORY EXPENSES	19.89	20.02	19.40	20.63
ADMINISTRATIVE EXPENSES				
Salaries - executive	3.84	4.42	7.30	9.08
Salaries - office	3.63	3.23	5.13	5.18
Payroll taxes	0.53	0.48	0.65	0.48
Employee benefits	0.95	1.16	0.74	0.87
Bad debts	0.78	0.70	0.27	0.17
Office supplies and expenses	0.85	0.50	0.94	0.68
Professional fees	0.90	0.75	1.18	0.76
Taxes - business	0.35	0.21	0.24	0.19
Telephone	0.71	0.72	0.79	0.72
Other administrative expenses	2.00	1.17	3.34	0.93
TOTAL ADMINISTRATIVE EXPENSES	14.54	13.34	20.58	19.06
SELLING EXPENSES				
Salaries - executive	1.22	1.38	0.57	0.43
Salaries and commissions - salesmen	4.50	3.60	1.63	0.00
Salaries - sales office clerical	1.56	1.28	0.72	1.08
Payroll taxes	0.41	0.33	0.22	0.10
Employee benefits	0.40	0.39	0.12	0.18
Advertising	0.37	0.60	0.43	0.00
Travel and entertainment	1.15	1.30	1.26	1.39
Other selling expenses	0.95	0.78	1.11	0.88
TOTAL SELLING EXPENSES	10.56	9.66	6.06	4.06

SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.37%	4.84%	3.44%	1.88%	4.42%	4.21%
35.01	19.20	30.53	24.28	27.35	27.14
2.93	0.56	3.36	1.74	5.30	5.75
1.30	0.63	1.42	1.02	1.12	1.08
2.67	1.79	2.39	2.25	3.24	3.07
3.76	3.01	2.84	2.34	5.45	4.86
49.04	30.03	43.98	33.51	46.88	46.11
0.19	0.00	0.33	0.26	0.62	0.68
4.13	4.45	4.03	5.45	3.73	3.65
0.58	0.16	0.53	0.44	0.51	0.65
0.19	0.12	0.12	0.09	0.40	0.48
0.80	2.30	0.56	1.02	0.49	0.24
1.93	1.34	1.44	1.96	0.17	(0.09)
2.08	1.81	1.72	1.79	2.78	3.19
0.63	2.14	0.17	0.00	0.47	0.77
10.53	12.32	8.90	11.01	9.17	9.57
3.20	3.58	3.70	4.29	4.32	4.35
2.05	2.88	2.21	1.13	1.13	0.61
2.95	1.62	3.06	3.12	2.63	2.71
1.99	0.99	2.22	1.01	1.41	1.66
10.19	9.07	11.19	9.55	9.49	9.33
20.72	21.39	20.09	20.56	18.66	18.90
3.94	3.27	3.92	5.16	2.55	2.58
3.73	1.80	3.35	4.79	3.35	2.10
0.55	0.50	0.61	0.78	0.39	0.28
1.10	3.59	0.79	0.81	0.98	0.51
0.75	0.00	1.24	1.71	0.49	0.58
1.27	0.43	0.65	0.57	0.45	0.40
0.98	1.03	0.95	0.80	0.64	0.61
0.34	0.15	0.26	0.19	0.52	0.26
0.68	0.55	0.93	1.31	0.47	0.43
1.98	1.12	1.78	1.28	1.85	1.23
15.32	12.44	14.48	17.40	11.69	8.98
1.28	2.84	1.21	0.75	1.35	1.56
4.54	0.00	5.75	7.10	3.96	4.38
1.46	0.00	1.28	0.58	2.26	2.29
0.34	0.19	0.53	0.48	0.41	0.39
0.24	0.00	0.34	0.32	0.79	0.67
0.59	2.67	0.27	0.46	0.15	0.10
1.13	0.00	1.02	1.75	1.28	1.52
0.73	0.40	0.76	0.18	1.41	1.24
10.31	6.10	11.16	11.62	11.61	12.15

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $500,000-$1,500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	24.81	22.16	20.63	20.94
Other chargeable materials	6.64	7.28	3.57	2.91
Outside services	8.80	10.07	17.49	19.41
TOTAL MATERIALS	40.25	39.51	41.69	43.26
FACTORY PAYROLL	27.35	23.33	19.04	18.45
FACTORY EXPENSES	11.89	12.06	11.33	11.80
TOTAL FACTORY COST OF PRODUCT	79.49	74.90	72.06	73.51
GROSS PROFIT	20.51	25.10	27.94	26.49
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	8.72	7.92	12.05	10.82
Selling expenses	6.29	5.88	3.60	2.31
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.01	13.80	15.65	13.13
INCOME BEFORE INTEREST EXPENSE	5.50	11.30	12.29	13.36
Interest expense	1.99	0.92	3.77	1.70
OPERATING INCOME	3.51	10.38	8.52	11.66
Other income	0.90	1.33	0.84	1.01
INCOME BEFORE INCOME TAXES	4.41	11.71	9.36	12.67

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	1.48%	2.18%	0.71%	0.48%
Film	1.42	1.42	0.92	0.49
Plates	1.72	1.81	1.87	1.84
Other chargeable materials	2.02	1.87	0.07	0.10
TOTAL OTHER CHARGEABLE MATERIALS	6.64	7.28	3.57	2.91
OUTSIDE SERVICES				
Composition	0.80	0.55	1.62	1.80
Offset preparation	1.12	0.80	2.18	2.42
Printing	1.66	3.56	10.99	12.19
Binding	3.48	2.49	1.61	1.79
Other outside services	1.74	2.67	1.09	1.21
TOTAL OUTSIDE SERVICES	8.80	10.07	17.49	19.41

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
*** Information not submitted.

SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
23.27	20.40	32.21	30.71	20.02	18.22
6.19	7.28	4.53	4.87	10.52	10.48
8.43	7.35	8.92	11.37	6.60	6.64
37.89	35.03	45.66	46.95	37.14	35.34
30.49	19.74	23.70	17.95	29.48	29.95
12.77	14.03	11.07	10.77	11.73	12.15
81.15	68.80	80.43	75.67	78.35	77.44
18.85	31.20	19.57	24.33	21.65	22.56
9.64	8.29	7.90	9.19	7.34	5.85
6.30	3.75	6.06	6.39	7.32	7.85
15.94	12.04	13.96	15.58	14.66	13.70
2.91	19.16	5.61	8.75	6.99	8.86
2.18	1.33	2.18	0.57	0.97	0.67
0.73	17.83	3.43	8.18	6.02	8.19
0.81	0.51	0.73	1.67	1.22	1.60
1.54	18.34	4.16	9.85	7.24	9.79
1.21%		1.10%	1.49%	2.44%	3.35%
1.28		0.83	0.96	2.43	2.09
1.43		1.31	1.64	2.14	1.84
2.27		1.29	0.78	3.51	3.20
6.19	***	4.53	4.87	10.52	10.48
1.36	0.10%	0.38		0.17	0.03
1.95	0.41	0.62		0.09	0.00
1.16	0.00	0.53		0.38	0.18
3.21	6.84	5.96		2.01	0.27
0.75	0.00	1.43		3.95	6.16
8.43	7.35	8.92	***	6.60	6.64

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $500,000-$1,500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.12%	2.07%	0.90%	0.82%
Direct wages	18.49	15.06	15.76	15.11
General factory salaries and wages	2.12	1.99	0.23	0.35
Packing, shipping and delivery wages	0.71	0.54	0.09	0.13
Payroll taxes	1.60	1.44	0.99	0.73
Employee benefits	2.31	2.23	1.07	1.31
TOTAL FACTORY PAYROLL	27.35	23.33	19.04	18.45
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.23	0.29	0.28	0.41
Depreciation - other	2.39	2.45	2.77	1.90
Taxes - real estate	0.30	0.24	0.00	0.00
Taxes - other	0.14	0.16	0.06	0.00
Insurance	0.39	0.55	0.64	0.72
Building rent	0.75	0.49	1.02	0.69
Utilities - heat, light, etc.	1.27	1.39	0.60	0.71
Equipment rental	0.32	0.66	0.86	1.30
Total Fixed Expenses	5.79	6.23	6.43	5.73
Other Expenses				
Factory supplies and expense	2.23	2.48	2.00	1.75
Packing, shipping and delivery expense	1.12	0.78	1.02	0.73
Repairs and maintenance	1.64	1.45	1.05	0.99
Other factory expenses	1.11	1.12	0.83	2.60
Total Other Expenses	6.10	5.83	4.90	6.07
TOTAL FACTORY EXPENSES	11.89	12.06	11.33	11.80
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.32	2.66	4.21	5.16
Salaries - office	2.15	1.82	2.97	2.92
Payroll taxes	0.32	0.28	0.38	0.27
Employee benefits	0.58	0.73	0.42	0.48
Bad debts	0.46	0.42	0.16	0.10
Office supplies and expenses	0.51	0.29	0.56	0.40
Professional fees	0.53	0.45	0.71	0.44
Taxes - business	0.22	0.14	0.14	0.11
Telephone	0.42	0.42	0.47	0.41
Other administrative expenses	1.21	0.71	2.03	0.53
TOTAL ADMINISTRATIVE EXPENSES	8.72	7.92	12.05	10.82
SELLING EXPENSES				
Salaries - executive	0.72	0.84	0.33	0.24
Salaries and commissions - salesmen	2.65	2.14	1.01	0.00
Salaries - sales office clerical	0.94	0.83	0.40	0.60
Payroll taxes	0.24	0.20	0.13	0.05
Employee benefits	0.25	0.25	0.06	0.10
Advertising	0.22	0.37	0.26	0.00
Travel and entertainment	0.68	0.75	0.74	0.81
Other selling expenses	0.59	0.50	0.67	0.51
TOTAL SELLING EXPENSES	6.29	5.88	3.60	2.31

SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.08%	3.13%	1.91%	1.14%	2.75%	2.72%
21.78	12.66	16.26	12.53	17.21	17.51
1.79	0.39	1.93	1.06	3.35	3.85
0.80	0.43	0.79	0.62	0.70	0.70
1.67	1.18	1.28	1.18	2.03	1.99
2.37	1.95	1.53	1.42	3.44	3.18
30.49	19.74	23.70	17.95	29.48	29.95
0.12	0.00	0.19	0.15	0.40	0.44
2.54	2.80	2.22	2.92	2.28	2.26
0.37	0.11	0.26	0.21	0.32	0.41
0.12	0.08	0.07	0.05	0.26	0.33
0.50	1.47	0.27	0.46	0.29	0.16
1.14	0.87	0.78	1.02	0.10	(0.06)
1.30	1.17	0.94	0.93	1.74	2.02
0.41	1.47	0.07	0.00	0.30	0.48
6.50	7.97	4.80	5.74	5.69	6.04
2.01	2.40	2.08	2.25	2.78	2.91
1.26	1.93	1.34	0.68	0.71	0.41
1.81	1.05	1.60	1.65	1.62	1.68
1.19	0.68	1.25	0.45	0.93	1.11
6.27	6.06	6.27	5.03	6.04	6.11
12.77	14.03	11.07	10.77	11.73	12.15
2.50	2.16	2.23	2.95	1.60	1.67
2.32	1.19	1.74	2.20	2.11	1.41
0.35	0.33	0.34	0.41	0.25	0.19
0.73	2.44	0.40	0.43	0.61	0.34
0.47	0.00	0.68	0.99	0.31	0.37
0.79	0.27	0.33	0.28	0.28	0.26
0.62	0.68	0.50	0.41	0.40	0.39
0.21	0.10	0.15	0.12	0.33	0.18
0.43	0.35	0.52	0.74	0.28	0.26
1.22	0.77	1.01	0.66	1.17	0.78
9.64	8.29	7.90	9.19	7.34	5.85
0.78	1.74	0.67	0.45	0.82	0.94
2.80	0.00	3.05	3.82	2.49	2.84
0.86	0.00	0.73	0.35	1.45	1.54
0.20	0.12	0.28	0.27	0.26	0.26
0.15	0.00	0.19	0.20	0.50	0.44
0.36	1.64	0.16	0.28	0.10	0.07
0.70	0.00	0.54	0.91	0.78	0.93
0.45	0.25	0.44	0.11	0.92	0.83
6.30	3.75	6.06	6.39	7.32	7.85

BALANCE SHEET

	ALL FIRMS REPORTING		SALES FROM $500,000-$1,500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	3.35%	6.63%	6.60%	9.86%
Receivables	35.77	33.88	19.60	25.18
Inventories	17.47	16.40	19.55	16.13
Other current assets	3.60	6.42	9.56	14.34
TOTAL CURRENT ASSETS	60.19	63.33	55.31	65.51
FIXED ASSETS				
Real estate	14.32	15.74	18.64	25.88
Less: Accumulated depreciation	4.67	4.78	6.35	8.65
	9.65	10.96	12.29	17.23
Machinery and equipment	54.82	41.39	42.30	34.72
Less: Accumulated depreciation	32.29	23.80	27.37	24.44
	22.53	17.59	14.93	10.28
Other fixed assets	7.05	7.91	19.39	8.78
Less: Accumulated depreciation	2.77	2.20	2.30	1.82
	4.28	5.71	17.09	6.96
NET FIXED ASSETS	36.46	34.26	44.31	34.47
OTHER ASSETS	3.35	2.41	0.38	0.02
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	11.91	2.70	14.14	7.35
Accounts payable	16.12	11.14	11.97	8.40
Other current liabilities	8.70	10.43	8.24	11.28
TOTAL CURRENT LIABILITIES	36.73	24.27	34.35	27.03
LONG-TERM LIABILITIES	24.34	12.63	19.41	5.48
TOTAL LIABILITIES	61.07	36.90	53.76	32.51
SHAREHOLDERS' AND PROPRIETORS' EQUITY	38.93	63.10	46.24	67.49
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.64	2.61	1.61	2.42
QUICK RATIO	1.16	1.93	1.04	1.83
TOTAL LIABILITIES TO EQUITY	1.57	0.58	1.16	0.48
LONG-TERM LIABILITIES TO EQUITY	0.63	0.20	0.42	0.08
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.59	0.58	0.65	0.70

SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
4.17%	10.79%	3.46%	11.47%	1.11%	0.77%
38.14	34.15	39.18	40.15	33.53	33.48
17.26	12.85	18.49	20.53	16.01	15.44
2.19	7.10	2.08	1.58	5.49	5.90
61.76	64.89	63.21	73.73	56.14	55.59
12.20	0.00	8.24	5.10	22.67	24.37
3.85	0.00	3.06	0.95	7.07	7.43
8.35	0.00	5.18	4.15	15.60	16.94
60.19	21.67	57.93	55.02	47.62	43.76
39.92	9.27	31.09	36.27	24.39	21.87
20.27	12.40	26.84	18.75	23.23	21.89
7.05	20.78	8.46	7.82	1.79	2.47
2.89	1.63	4.50	4.85	0.84	1.00
4.16	19.15	3.96	2.97	0.95	1.47
32.78	31.55	35.98	25.87	39.78	40.30
5.46	3.56	0.81	0.40	4.08	4.11
100.00	100.00	100.00	100.00	100.00	100.00
11.28	1.89	19.67	1.81	3.57	1.71
16.37	6.13	21.04	18.34	11.60	9.89
8.03	6.63	6.97	7.42	11.68	13.43
35.68	14.65	47.68	27.57	26.85	25.03
31.11	11.84	21.14	13.66	19.88	15.18
66.79	26.49	68.82	41.23	46.73	40.21
33.21	73.51	31.18	58.77	53.27	59.79
100.00	100.00	100.00	100.00	100.00	100.00
1.73	4.43	1.33	2.67	2.09	2.22
1.25	3.55	0.94	1.93	1.49	1.60
2.01	0.36	2.21	0.70	0.88	0.67
0.94	0.16	0.68	0.23	0.37	0.25
0.66	0.43	0.54	0.66	0.51	0.50

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES FROM $500,000-$1,500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 35,707	$ 47,719	$ 36,411	$ 32,526
Average assets per factory employee (Excluding Executives)	47,932	62,721	54,397	47,040
Average net worth per employee - All employees	14,937	29,584	14,482	20,899
Average gross plant investment per factory employee (Excluding Executives)	35,820	42,014	43,981	30,656
Net worth percentage of fixed assets	138.19%	230.57%	132.87%	196.39%
EMPLOYEES				
Percent factory - All employees	79.06%	79.98%	69.56%	71.23%
Percent administrative - All employees	11.54	12.75	24.99	26.75
Percent sales - All employees	9.40	7.27	5.45	2.02
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 64,466	$ 80,623	$ 62,385	$ 65,302
Sales per factory employee	82,349	101,296	90,941	93,707
Sales less material per factory employee	48,073	59,565	53,285	53,685
Sales per administrative employee	678,446	891,737	249,125	241,936
EXCLUDING EXECUTIVES				
Sales per employee - All employees	70,530	89,705	71,241	76,655
Sales per factory employee	86,760	106,499	92,876	95,083
Sales less material per factory employee	50,696	62,817	54,416	54,444
SALES PER SALESMAN	1,120,712	1,666,168	175,047	0
SALES TO CURRENT ASSETS	331%	293%	325%	304%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	37.53%	33.08%	28.95%	28.27%
Factory payroll percentage of gross plant investment	79.70	83.82	42.83	51.58
Payroll per employee - All employees	$ 22,842	$ 24,778	$ 16,936	$ 16,830
Payroll per factory employee	20,995	21,478	15,722	14,951
Payroll per administrative employee	30,023	36,324	19,736	21,319
Payroll per sales employee	34,380	44,303	13,496	11,479
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 17,719	$ 18,189	$ 13,508	$ 13,276
Payroll per factory employee	17,180	17,077	13,996	13,460
Payroll per administrative employee	15,652	16,501	11,289	12,153
Payroll per sales employee	26,253	29,183	10,761	8,695
EXECUTIVE PAYROLL				
Payroll per executive - All executives	41,834	46,451	30,523	28,506
Payroll per factory executive	32,021	32,908	16,817	11,900
Payroll per administrative executive	51,321	56,705	32,975	29,068
Payroll per sales executive	39,846	56,355	20,077	13,865
RECEIVABLES				
Collection period	70.6	71.0	35.8	41.6
PROFIT				
Gross profit percentage of sales	20.51%	25.10%	27.94%	26.49%
Average gross profit per factory employee	$ 18,623	$ 27,613	$ 26,990	$ 26,846
Income before taxes percentage of sales	4.41%	11.71%	9.36%	12.67%
Average income before taxes per employee	$ 3,757	$ 9,998	$ 6,431	$ 8,870

SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 33,337	$ 73,989	$ 36,237	$ 47,320	$ 38,231	$ 43,528
44,321	94,460	49,141	65,123	49,719	54,858
12,453	51,761	12,804	27,467	20,899	25,459
33,968	54,345	35,973	45,500	35,794	39,533
157.66%	390.26%	113.05%	274.29%	140.18%	154.12%
79.40%	85.82%	78.42%	75.95%	82.15%	83.57%
10.96	11.22	10.97	14.23	8.95	6.87
9.64	2.96	10.61	9.82	8.90	9.56
$ 56,539	$104,521	$ 73,317	$ 90,660	$ 66,450	$ 71,170
72,141	123,880	94,598	119,320	80,589	84,483
44,225	78,299	49,514	60,913	50,310	53,614
556,589	936,175	709,261	657,918	943,947	1,274,174
62,111	121,446	79,236	97,696	72,525	77,435
75,897	132,944	98,894	123,246	86,785	90,438
46,505	84,070	51,890	63,281	54,132	57,387
567,700	0	1,137,048	1,284,052	1,641,352	1,819,014
330%	271%	334%	260%	331%	317%
41.19%	27.71%	33.34%	29.03%	39.57%	39.58%
94.71	148.97	68.64	57.78	81.91	86.28
$ 21,292	$ 25,491	$ 23,720	$ 25,661	$ 25,819	$ 27,143
20,006	21,101	21,373	20,736	23,547	24,683
27,464	41,573	31,553	40,987	35,007	37,428
29,500	48,606	35,314	48,922	46,451	52,939
$ 16,558	$ 14,493	$ 18,756	$ 19,722	$ 19,467	$ 20,714
16,477	14,637	17,894	17,121	18,333	19,474
14,314	12,992	15,769	19,965	18,705	17,567
20,187	0	30,250	44,509	34,995	39,856
38,067	56,570	43,959	49,505	48,162	47,749
30,766	58,795	33,670	24,692	36,523	35,886
42,599	50,190	53,130	62,517	67,046	66,879
17,090	45,544	34,851	27,385	83,127	95,058
75.6	73.8	75.5	88.3	68.7	71.1
18.85%	31.20%	19.57%	24.33%	21.65%	22.56%
$ 16,307	$ 44,838	$ 19,184	$ 29,045	$ 18,739	$ 20,171
1.54%	18.34%	4.16%	9.85%	7.24%	9.79%
$ 2,668	$ 20,562	$ 3,349	$ 8,762	$ 4,928	$ 6,965

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES FROM $500,000-$1,500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 1.68	$ 3.24	$ 4.03	$ 6.01
Receivables	18.49	18.88	9.78	11.38
Inventories	9.29	9.41	13.06	9.28
Marketable securities	0.87	2.02	0.45	0.67
Other current assets	1.13	1.63	3.78	5.67
	31.46	35.18	31.10	33.01
Plant Investment:				
Land and building	8.81	10.09	11.60	15.78
Machinery and equipment	29.93	24.65	27.45	18.74
Other fixed assets	4.16	5.10	13.25	4.01
	42.90	39.84	52.30	38.53
Non-Current Assets	2.21	1.81	0.29	0.01
TOTAL INVESTMENT	76.57	76.83	83.69	71.55
INVESTMENT TURNOVER PER $100 OF SALES	130.60%	130.16%	119.49%	139.76%
EARNINGS				
Cost of Product	$79.49	$74.90	$72.06	$73.51
Selling Expenses	6.29	5.88	3.60	2.31
Administrative Expenses	8.72	7.92	12.05	10.82
	94.50	88.70	87.71	86.64
Income Before Interest, Other Income, and Taxes	5.50	11.30	12.29	13.36
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.18%	14.71%	14.69%	18.67%

SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 2.09	$ 5.28	$ 1.37	$ 4.41	$ 0.75	$ 0.61
19.59	20.23	19.53	22.62	18.42	19.09
8.95	8.36	9.14	11.07	8.79	8.89
0.25	1.74	0.03	0.00	2.79	3.89
0.84	1.59	1.06	1.13	0.82	0.33
31.72	37.20	31.13	39.23	31.57	32.81
8.11	0.00	4.58	4.12	13.61	15.43
33.56	13.90	28.88	31.51	26.73	27.18
4.49	16.48	4.19	4.53	0.93	1.34
46.16	30.38	37.65	40.16	41.27	43.95
3.62	2.66	0.39	0.20	2.82	3.16
81.50	70.24	69.17	79.59	75.66	79.92
122.70%	142.37%	144.57%	125.64%	132.17%	125.13%
$81.15	$68.80	$80.43	$75.67	$78.35	$77.44
6.30	3.75	6.06	6.39	7.32	7.85
9.64	8.29	7.90	9.19	7.34	5.85
97.09	80.84	94.39	91.25	93.01	91.14
2.91	19.16	5.61	8.75	6.99	8.86
3.57%	27.28%	8.11%	10.99%	9.24%	11.09%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	SHEET-FED OFFSET	
	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%
FACTORY PAYROLL	44.92	37.98
FACTORY EXPENSES	20.57	19.27
TOTAL FACTORY COST OF PRODUCT	65.49	57.25
GROSS PROFIT	34.51	42.75
ADMINISTRATIVE AND SELLING EXPENSES		
Administrative expenses	15.61	13.46
Selling expenses	10.53	9.14
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	26.14	22.60
INCOME BEFORE INTEREST EXPENSE	8.37	20.15
Interest expense	3.81	1.74
OPERATING INCOME	4.56	18.41
Other income	1.15	1.39
INCOME BEFORE INCOME TAXES	5.71	19.80

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
X	X	X
X	X	X
100.00%	100.00%	100.00%
46.86	47.61	35.64
18.70	18.37	21.15
65.56	65.98	56.79
34.44	34.02	43.21
8.42	13.00	14.66
9.01	10.95	11.42
17.43	23.95	26.08
17.01	10.07	17.13
1.48	2.77	1.67
15.53	7.30	15.46
1.78	2.45	3.26
17.31	9.75	18.72

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	SHEET-FED OFFSET	
	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL		
Salaries - executive	3.36%	3.65%
Direct wages	30.70	23.81
General factory salaries and wages	3.48	3.64
Packing, shipping and delivery wages	1.15	0.66
Payroll taxes	2.66	2.30
Employee benefits	3.57	3.92
TOTAL FACTORY PAYROLL	44.92	37.98
FACTORY EXPENSES		
Fixed Expenses		
Depreciation - real estate	0.34	0.44
Depreciation - other	3.99	3.26
Taxes - real estate	0.40	0.30
Taxes - other	0.26	0.36
Insurance	0.64	1.14
Building rent	1.36	0.58
Utilities - heat, light, etc.	2.05	1.96
Equipment rental	0.55	1.30
Total Fixed Expenses	9.59	9.34
Other Expenses		
Factory supplies and expense	3.74	4.31
Packing, shipping and delivery expense	2.31	1.39
Repairs and maintenance	2.63	1.91
Other factory expenses	2.30	2.32
Total Other Expenses	10.98	9.93
TOTAL FACTORY EXPENSES	20.57	19.27
ADMINISTRATIVE EXPENSES		
Salaries - executive	4.17	4.98
Salaries - office	3.80	3.00
Payroll taxes	0.58	0.44
Employee benefits	0.92	1.53
Bad debts	0.81	0.34
Office supplies and expenses	0.89	0.44
Professional fees	0.93	0.76
Taxes - business	0.43	0.28
Telephone	0.64	0.45
Other administrative expenses	2.44	1.24
TOTAL ADMINISTRATIVE EXPENSES	15.61	13.46
SELLING EXPENSES		
Salaries - executive	1.21	1.41
Salaries and commissions - salesmen	4.32	2.27
Salaries - sales office clerical	1.66	1.74
Payroll taxes	0.39	0.31
Employee benefits	0.39	0.42
Advertising	0.41	0.84
Travel and entertainment	0.97	1.05
Other selling expenses	1.18	1.10
TOTAL SELLING EXPENSES	10.53	9.14

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
2.83%	4.09%	2.43%
31.25	31.99	25.29
5.07	3.16	1.80
1.17	1.34	1.08
2.11	2.77	2.34
4.43	4.26	2.70
46.86	47.61	35.64
0.64	0.40	0.41
3.47	4.32	5.88
0.83	0.68	0.58
0.38	0.07	0.07
0.37	0.81	0.79
1.53	1.13	1.47
2.71	2.13	2.47
0.88	0.36	0.43
10.81	9.90	12.10
3.29	3.52	3.51
0.66	0.81	0.96
2.36	3.35	3.61
1.58	0.79	0.97
7.89	8.47	9.05
18.70	18.37	21.15
2.09	3.36	4.08
2.39	3.47	3.87
0.19	0.48	0.61
0.64	1.08	0.66
0.31	0.81	1.44
0.50	0.80	0.56
0.61	0.86	0.80
0.06	0.21	0.15
0.56	0.91	1.22
1.07	1.02	1.27
8.42	13.00	14.66
1.25	1.25	1.49
2.65	5.34	6.29
2.07	1.20	0.43
0.23	0.48	0.41
0.89	0.34	0.30
0.21	0.31	0.34
0.77	1.69	1.92
0.94	0.34	0.24
9.01	10.95	11.42

REPORT ON OPERATIONS - SALES = 100%

	SHEET-FED OFFSET	
	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%
FACTORY COST OF PRODUCT		
MATERIALS		
Paper	22.89	19.67
Other chargeable materials	5.80	6.60
Outside services	9.02	10.48
TOTAL MATERIALS	37.71	36.75
FACTORY PAYROLL	28.04	24.20
FACTORY EXPENSES	12.76	12.22
TOTAL FACTORY COST OF PRODUCT	78.51	73.17
GROSS PROFIT	21.49	26.83
ADMINISTRATIVE AND SELLING EXPENSES		
Administrative expenses	9.74	8.41
Selling expenses	6.55	5.88
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	16.29	14.29
INCOME BEFORE INTEREST EXPENSE	5.20	12.54
Interest expense	2.30	1.05
OPERATING INCOME	2.90	11.49
Other income	0.71	0.89
INCOME BEFORE INCOME TAXES	3.61	12.38

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS		
Ink	0.98%	1.08%
Film	1.36	1.45
Plates	1.59	1.80
Other chargeable materials	1.87	2.27
TOTAL OTHER CHARGEABLE MATERIALS	5.80	6.60
OUTSIDE SERVICES		
Composition	1.01	0.71
Offset preparation	1.41	1.03
Printing	2.20	4.57
Binding	2.99	3.19
Other outside services	1.41	0.98
TOTAL OUTSIDE SERVICES	9.02	10.48

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%
23.78	29.96	29.19
12.05	7.75	5.92
2.75	9.47	11.86
38.58	47.18	46.97
28.94	25.23	19.03
11.68	9.69	11.11
79.20	82.10	77.11
20.80	17.90	22.89
5.06	6.80	7.75
5.27	5.81	6.23
10.33	12.61	13.98
10.47	5.29	8.91
0.83	1.39	0.83
9.64	3.90	8.08
1.33	1.29	1.69
10.97	5.19	9.77
2.29%	2.63%	3.69%
1.67	1.39	0.80
1.52	1.93	1.14
6.57	1.80	0.29
12.05	7.75	5.92
0.08	0.29	0.00
0.09	0.41	0.00
0.20	0.23	0.00
1.30	5.63	0.00
1.08	2.91	11.86
2.75	9.47	11.86

SUPPORTING SCHEDULES - SALES = 100%

	SHEET-FED OFFSET	
	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL		
Salaries - executive	2.09%	2.35%
Direct wages	19.10	14.95
General factory salaries and wages	2.20	2.44
Packing, shipping and delivery wages	0.71	0.44
Payroll taxes	1.67	1.49
Employee benefits	2.27	2.53
TOTAL FACTORY PAYROLL	28.04	24.20
FACTORY EXPENSES		
Fixed Expenses		
Depreciation - real estate	0.21	0.27
Depreciation - other	2.45	2.03
Taxes - real estate	0.26	0.20
Taxes - other	0.17	0.25
Insurance	0.40	0.70
Building rent	0.81	0.34
Utilities - heat, light, etc.	1.29	1.25
Equipment rental	0.35	0.83
Total Fixed Expenses	5.94	5.87
Other Expenses		
Factory supplies and expense	2.36	2.79
Packing, shipping and delivery expense	1.43	0.90
Repairs and maintenance	1.63	1.21
Other factory expenses	1.40	1.45
Total Other Expenses	6.82	6.35
TOTAL FACTORY EXPENSES	12.76	12.22
ADMINISTRATIVE EXPENSES		
Salaries - executive	2.59	3.04
Salaries - office	2.36	1.86
Payroll taxes	0.37	0.27
Employee benefits	0.60	1.01
Bad debts	0.50	0.22
Office supplies and expenses	0.56	0.27
Professional fees	0.59	0.48
Taxes - business	0.27	0.19
Telephone	0.39	0.27
Other administrative expenses	1.51	0.80
TOTAL ADMINISTRATIVE EXPENSES	9.74	8.41
SELLING EXPENSES		
Salaries - executive	0.75	0.88
Salaries and commissions - salesmen	2.67	1.51
Salaries - sales office clerical	1.03	1.13
Payroll taxes	0.24	0.20
Employee benefits	0.25	0.27
Advertising	0.25	0.52
Travel and entertainment	0.61	0.65
Other selling expenses	0.75	0.72
TOTAL SELLING EXPENSES	6.55	5.88

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
1.86%	2.23%	1.39%
19.34	16.76	13.15
2.98	1.74	1.06
0.73	0.72	0.64
1.36	1.45	1.23
2.67	2.33	1.56
28.94	25.23	19.03
0.42	0.22	0.23
2.16	2.34	3.13
0.48	0.35	0.29
0.20	0.04	0.04
0.22	0.41	0.36
0.85	0.58	0.77
1.78	1.12	1.29
0.62	0.17	0.23
6.73	5.23	6.34
2.07	1.91	1.84
0.45	0.45	0.57
1.40	1.73	1.91
1.03	0.37	0.45
4.95	4.46	4.77
11.68	9.69	11.11
1.27	1.84	2.32
1.45	1.73	1.80
0.12	0.25	0.32
0.38	0.56	0.36
0.18	0.44	0.83
0.32	0.41	0.28
0.37	0.43	0.41
0.03	0.12	0.09
0.35	0.49	0.68
0.59	0.53	0.66
5.06	6.80	7.75
0.72	0.67	0.83
1.57	2.77	3.37
1.21	0.67	0.26
0.14	0.24	0.23
0.51	0.19	0.18
0.11	0.18	0.21
0.46	0.90	1.01
0.55	0.19	0.14
5.27	5.81	6.23

BALANCE SHEET

	SHEET-FED OFFSET	
	ALL FIRMS	PROFIT LEADERS
ASSETS		
CURRENT ASSETS		
Cash	3.32%	6.22%
Receivables	34.62	33.09
Inventories	16.64	15.64
Other current assets	3.77	7.93
TOTAL CURRENT ASSETS	58.35	62.88
FIXED ASSETS		
Real estate	15.29	16.99
Less: Accumulated depreciation	5.11	5.71
	10.18	11.28
Machinery and equipment	54.17	30.52
Less: Accumulated depreciation	32.19	16.25
	21.98	14.27
Other fixed assets	7.98	9.39
Less: Accumulated depreciation	2.72	1.34
	5.26	8.05
NET FIXED ASSETS	37.42	33.60
OTHER ASSETS	4.23	3.52
TOTAL ASSETS	100.00	100.00
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Notes payable	11.68	2.78
Accounts payable	15.15	8.75
Other current liabilities	8.88	10.18
TOTAL CURRENT LIABILITIES	35.71	21.71
LONG-TERM LIABILITIES	27.18	11.49
TOTAL LIABILITIES	62.89	33.20
SHAREHOLDERS' AND PROPRIETORS' EQUITY	37.11	66.80
TOTAL LIABILITIES AND EQUITY	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.63	2.90
QUICK RATIO	1.17	2.18
TOTAL LIABILITIES TO EQUITY	1.69	0.50
LONG-TERM LIABILITIES TO EQUITY	0.73	0.17
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.59	0.53

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
0.53%	3.99%	8.74%
30.91	39.69	37.85
14.05	20.30	19.34
5.74	2.78	2.73
51.23	66.76	68.66
23.72	9.92	7.51
5.09	3.42	2.26
18.63	6.50	5.25
53.08	56.86	58.77
28.40	33.32	35.47
24.68	23.54	23.30
5.56	4.91	6.34
1.55	3.16	3.89
4.01	1.75	2.45
47.32	31.79	31.00
1.45	1.45	0.34
100.00	100.00	100.00
4.14	14.04	2.70
13.93	19.10	16.40
9.96	7.99	9.80
28.03	41.13	28.90
19.60	17.91	13.80
47.63	59.04	42.70
52.37	40.96	57.30
100.00	100.00	100.00
1.83	1.62	2.38
1.33	1.13	1.71
0.91	1.44	0.75
0.37	0.44	0.24
0.54	0.59	0.60

SIGNIFICANT FACTS

	SHEET-FED OFFSET	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Average assets per employee - All employees	$ 33,450	$ 45,146
Average assets per factory employee (Excluding Executives)	45,676	60,588
Average net worth per employee - All employees	13,161	29,833
Average gross plant investment per factory employee (Excluding Executives)	34,365	35,679
Net worth percentage of fixed assets	136.87%	244.78%
EMPLOYEES		
Percent factory - All employees	77.79%	78.66%
Percent administrative - All employees	12.52	14.28
Percent sales - All employees	9.69	7.06
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES		
Sales per employee - All employees	$ 58,652	$ 76,033
Sales per factory employee	76,254	96,865
Sales less material per factory employee	47,147	60,535
Sales per administrative employee	563,605	746,363
EXCLUDING EXECUTIVES		
Sales per employee - All employees	64,623	86,896
Sales per factory employee	80,378	102,625
Sales less material per factory employee	49,698	64,207
SALES PER SALESMAN	978,849	1,169,256
SALES TO CURRENT ASSETS	336%	305%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES		
Total payroll percentage of sales	38.92%	34.37%
Factory payroll percentage of gross plant investment	81.86	105.55
Payroll per employee - All employees	$ 21,621	$ 23,721
Payroll per factory employee	20,072	20,944
Payroll per administrative employee	28,053	35,140
Payroll per sales employee	29,529	32,456
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES		
Payroll per employee - All employees	$ 16,723	$ 16,733
Payroll per factory employee	16,419	16,286
Payroll per administrative employee	14,653	13,999
Payroll per sales employee	21,487	15,155
EXECUTIVE PAYROLL		
Payroll per executive - All executives	40,416	42,100
Payroll per factory executive	31,439	34,247
Payroll per administrative executive	47,979	49,723
Payroll per sales executive	31,629	41,762
RECEIVABLES		
Collection period	69.3	63.8
PROFIT		
Gross profit percentage of sales	21.49%	26.83%
Average gross profit per factory employee	$ 18,603	$ 29,496
Income before taxes percentage of sales	3.61%	12.38%
Average income before taxes per employee	$ 3,224	$ 10,663

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 39,268	$ 40,864	$ 53,798
49,639	53,455	69,884
20,738	18,396	30,283
40,821	38,602	52,361
110.03%	147.26%	234.21%
82.33%	81.71%	79.99%
7.55	9.80	11.66
10.12	8.49	8.35
$ 71,480	$ 78,178	$ 92,424
88,056	97,055	116,017
52,693	49,556	59,732
958,043	921,113	1,111,141
75,541	84,884	99,637
91,199	102,464	120,512
54,719	52,485	62,329
2,090,448	1,188,941	1,570,321
357%	312%	257%
36.33%	34.14%	28.70%
63.21	77.37	51.90
$ 25,658	$ 25,456	$ 26,018
24,680	22,658	21,457
31,107	34,927	38,409
38,314	46,206	62,756
$ 20,415	$ 19,770	$ 19,892
20,517	18,489	17,536
17,252	17,927	20,040
28,228	38,248	50,993
49,357	44,015	52,419
40,561	31,823	28,875
73,755	55,524	57,198
92,577	50,663	63,009
62.1	75.7	87.5
20.80%	17.90%	22.89%
$ 18,835	$ 18,632	$ 26,996
10.97%	5.19%	9.77%
$ 7,616	$ 4,370	$ 8,902

RETURN ON INVESTMENT - PER $100 OF SALES

	SHEET-FED OFFSET	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Current Assets:		
Cash	$ 1.81	$ 3.51
Receivables	18.00	17.23
Inventories	9.09	8.81
Marketable securities	0.83	1.93
Other current assets	1.21	2.22
	30.94	33.70
Plant Investment:		
Land and building	9.58	10.34
Machinery and equipment	30.08	16.92
Other fixed assets	4.87	6.26
	44.53	33.52
Non-Current Assets	2.90	2.74
TOTAL INVESTMENT	78.37	69.96
INVESTMENT TURNOVER PER $100 OF SALES	127.60%	142.94%
EARNINGS		
Cost of Product	$78.51	$73.17
Selling Expenses	6.55	5.88
Administrative Expenses	9.74	8.41
	94.80	87.46
Income Before Interest, Other Income, and Taxes	5.20	12.54
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.64%	17.92%

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 0.34	$ 1.62	$ 3.40
16.62	20.15	22.76
7.49	10.17	11.26
3.22	0.50	1.09
0.34	1.07	0.92
28.01	33.51	39.43
14.42	5.68	5.86
29.10	29.72	36.74
2.96	2.55	3.75
46.48	37.95	46.35
0.91	0.67	0.19
75.40	72.13	85.97
132.63%	138.64%	116.32%
$79.20	$82.10	$77.11
5.27	5.81	6.23
5.06	6.80	7.75
89.53	94.71	91.09
10.47	5.29	8.91
13.89%	7.33%	10.36%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	PRINTING AND BINDING		PRINTING ONLY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	45.72	37.39	45.72	40.15
FACTORY EXPENSES	20.19	19.98	17.97	20.14
TOTAL FACTORY COST OF PRODUCT	65.91	57.37	63.69	60.29
GROSS PROFIT	34.09	42.63	36.31	39.71
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	14.93	13.90	12.02	11.67
Selling expenses	10.29	9.16	12.32	11.17
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	25.22	23.06	24.34	22.84
INCOME BEFORE INTEREST EXPENSE	8.87	19.57	11.97	16.87
Interest expense	3.50	1.38	2.89	2.35
OPERATING INCOME	5.37	18.19	9.08	14.52
Other income	1.44	1.96	2.13	3.16
INCOME BEFORE INCOME TAXES	6.81	20.15	11.21	17.68

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	PRINTING AND BINDING		PRINTING ONLY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	3.65%	3.42%	2.71%	2.85%
Direct wages	30.69	23.75	33.56	28.96
General factory salaries and wages	3.54	3.27	3.06	2.32
Packing, shipping and delivery wages	1.25	0.92	0.84	0.64
Payroll taxes	2.61	2.22	3.01	2.79
Employee benefits	3.98	3.81	2.54	2.59
TOTAL FACTORY PAYROLL	45.72	37.39	45.72	40.15
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.39	0.51	0.23	0.35
Depreciation - other	4.14	3.89	3.40	5.02
Taxes - real estate	0.44	0.31	0.90	0.71
Taxes - other	0.24	0.30	0.05	0.08
Insurance	0.68	1.00	0.64	0.82
Building rent	1.40	0.91	0.71	0.78
Utilities - heat, light, etc.	2.03	2.00	2.60	3.16
Equipment rental	0.49	1.18	0.72	0.64
Total Fixed Expenses	9.81	10.10	9.25	11.56
Other Expenses				
Factory supplies and expense	3.83	4.13	2.60	3.59
Packing, shipping and delivery expense	2.05	1.58	0.36	0.18
Repairs and maintenance	2.52	2.16	4.65	3.40
Other factory expenses	1.98	2.01	1.11	1.41
Total Other Expenses	10.38	9.88	8.72	8.58
TOTAL FACTORY EXPENSES	20.19	19.98	17.97	20.14
ADMINISTRATIVE EXPENSES				
Salaries - executive	4.02	4.97	2.65	2.72
Salaries - office	3.67	3.07	3.42	3.73
Payroll taxes	0.55	0.50	0.43	0.40
Employee benefits	1.03	1.37	0.45	0.52
Bad debts	0.75	0.71	0.99	0.67
Office supplies and expenses	0.75	0.48	1.47	0.54
Professional fees	0.93	0.74	0.71	0.81
Taxes - business	0.40	0.28	0.08	0.02
Telephone	0.70	0.73	0.72	0.70
Other administrative expenses	2.13	1.05	1.10	1.56
TOTAL ADMINISTRATIVE EXPENSES	14.93	13.90	12.02	11.67
SELLING EXPENSES				
Salaries - executive	1.13	1.30	1.83	1.63
Salaries and commissions - salesmen	4.29	3.07	5.98	5.16
Salaries - sales office clerical	1.61	1.38	1.20	0.98
Payroll taxes	0.38	0.33	0.54	0.35
Employee benefits	0.43	0.39	0.24	0.40
Advertising	0.42	0.80	0.02	0.02
Travel and entertainment	1.04	0.96	1.85	2.33
Other selling expenses	0.99	0.93	0.66	0.30
TOTAL SELLING EXPENSES	10.29	9.16	12.32	11.17

REPORT ON OPERATIONS - SALES = 100%

	PRINTING AND BINDING		PRINTING ONLY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	24.51	21.50	26.71	24.14
Other chargeable materials	6.65	7.16	6.58	7.65
Outside services	7.68	7.64	16.23	17.35
TOTAL MATERIALS	38.84	36.30	49.52	49.14
FACTORY PAYROLL	27.96	24.10	23.33	21.04
FACTORY EXPENSES	12.32	12.74	9.05	10.01
TOTAL FACTORY COST OF PRODUCT	79.12	73.14	81.90	80.19
GROSS PROFIT	20.88	26.86	18.10	19.81
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	9.16	8.69	5.83	5.58
Selling expenses	6.27	5.87	6.42	5.91
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.43	14.56	12.25	11.49
INCOME BEFORE INTEREST EXPENSE	5.45	12.30	5.85	8.32
Interest expense	2.08	0.84	1.33	1.19
OPERATING INCOME	3.37	11.46	4.52	7.13
Other income	0.88	1.27	1.01	1.54
INCOME BEFORE INCOME TAXES	4.25	12.73	5.53	8.67

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	1.05%	0.74%	3.70%	4.58%
Film	1.54	1.72	0.80	0.97
Plates	1.82	2.13	1.22	1.34
Other chargeable materials	2.24	2.57	0.86	0.76
TOTAL OTHER CHARGEABLE MATERIALS	6.65	7.16	6.58	7.65
OUTSIDE SERVICES				
Composition	0.79	0.52	0.29	0.00
Offset preparation	1.08	0.75	0.65	0.00
Printing	1.68	3.32	0.00	0.00
Binding	2.91	2.33	8.09	0.00
Other outside services	1.22	0.72	7.20	17.35
TOTAL OUTSIDE SERVICES	7.68	7.64	16.23	17.35

SUPPORTING SCHEDULES - SALES = 100%

	PRINTING AND BINDING		PRINTING ONLY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.22%	2.22%	1.40%	1.64%
Direct wages	18.74	15.16	16.97	14.75
General factory salaries and wages	2.18	2.20	1.73	1.37
Packing, shipping and delivery wages	0.76	0.60	0.39	0.36
Payroll taxes	1.60	1.44	1.57	1.45
Employee benefits	2.46	2.48	1.27	1.47
TOTAL FACTORY PAYROLL	27.96	24.10	23.33	21.04
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.24	0.32	0.13	0.19
Depreciation - other	2.51	2.45	1.77	2.49
Taxes - real estate	0.27	0.21	0.45	0.35
Taxes - other	0.15	0.20	0.03	0.05
Insurance	0.41	0.61	0.28	0.34
Building rent	0.82	0.55	0.27	0.30
Utilities - heat, light, etc.	1.26	1.30	1.35	1.66
Equipment rental	0.31	0.76	0.34	0.35
Total Fixed Expenses	5.97	6.40	4.62	5.73
Other Expenses				
Factory supplies and expense	2.37	2.69	1.32	1.80
Packing, shipping and delivery expense	1.26	1.01	0.19	0.10
Repairs and maintenance	1.53	1.37	2.38	1.71
Other factory expenses	1.19	1.27	0.54	0.67
Total Other Expenses	6.35	6.34	4.43	4.28
TOTAL FACTORY EXPENSES	12.32	12.74	9.05	10.01
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.47	3.06	1.36	1.44
Salaries - office	2.24	1.92	1.52	1.54
Payroll taxes	0.34	0.31	0.20	0.18
Employee benefits	0.63	0.89	0.21	0.25
Bad debts	0.46	0.44	0.50	0.36
Office supplies and expenses	0.47	0.30	0.77	0.25
Professional fees	0.57	0.47	0.33	0.40
Taxes - business	0.24	0.18	0.04	0.01
Telephone	0.43	0.45	0.35	0.35
Other administrative expenses	1.31	0.67	0.55	0.80
TOTAL ADMINISTRATIVE EXPENSES	9.16	8.69	5.83	5.58
SELLING EXPENSES				
Salaries - executive	0.68	0.82	1.01	0.90
Salaries and commissions - salesmen	2.61	1.99	2.97	2.58
Salaries - sales office clerical	0.98	0.90	0.66	0.60
Payroll taxes	0.23	0.21	0.28	0.19
Employee benefits	0.26	0.25	0.14	0.24
Advertising	0.26	0.49	0.01	0.01
Travel and entertainment	0.63	0.60	0.95	1.21
Other selling expenses	0.62	0.61	0.40	0.18
TOTAL SELLING EXPENSES	6.27	5.87	6.42	5.91

BALANCE SHEET

	PRINTING AND BINDING		PRINTING ONLY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	3.50%	7.53%	2.35%	3.92%
Receivables	34.50	31.87	44.04	39.91
Inventories	16.69	14.34	22.63	22.57
Other current assets	3.74	7.80	2.73	2.30
TOTAL CURRENT ASSETS	58.43	61.54	71.75	68.70
FIXED ASSETS				
Real estate	15.61	19.03	5.79	5.88
Less: Accumulated depreciation	4.91	5.60	3.05	2.30
	10.70	13.43	2.74	3.58
Machinery and equipment	53.58	36.53	62.96	55.95
Less: Accumulated depreciation	31.12	21.78	39.93	29.85
	22.46	14.75	23.03	26.10
Other fixed assets	7.58	9.44	3.51	3.32
Less: Accumulated depreciation	2.86	2.32	2.16	1.85
	4.72	7.12	1.35	1.47
NET FIXED ASSETS	37.88	35.30	27.12	31.15
OTHER ASSETS	3.69	3.16	1.13	0.15
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	11.11	2.78	17.18	2.47
Accounts payable	15.85	8.82	17.92	18.06
Other current liabilities	8.32	9.26	11.20	13.95
TOTAL CURRENT LIABILITIES	35.28	20.86	46.30	34.48
LONG-TERM LIABILITIES	25.16	11.20	18.96	16.92
TOTAL LIABILITIES	60.44	32.06	65.26	51.40
SHAREHOLDERS' AND PROPRIETORS' EQUITY	39.56	67.94	34.74	48.60
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.66	2.95	1.55	1.99
QUICK RATIO	1.18	2.26	1.06	1.34
TOTAL LIABILITIES TO EQUITY	1.53	0.47	1.88	1.06
LONG-TERM LIABILITIES TO EQUITY	0.64	0.16	0.55	0.35
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.58	0.60	0.63	0.53

SIGNIFICANT FACTS

	PRINTING AND BINDING		PRINTING ONLY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 34,548	$ 46,464	$ 43,358	$ 51,484
Average assets per factory employee (Excluding Executives)	46,754	62,206	55,710	64,267
Average net worth per employee - All employees	14,590	30,820	17,228	25,879
Average gross plant investment per factory employee (Excluding Executives)	35,242	41,072	39,628	44,839
Net worth percentage of fixed assets	138.62%	247.09%	135.34%	180.98%
EMPLOYEES				
Percent factory - All employees	78.98%	78.99%	79.59%	82.98%
Percent administrative - All employees	11.67	13.72	10.73	9.81
Percent sales - All employees	9.35	7.29	9.68	7.21
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 61,189	$ 74,676	$ 86,093	$ 98,465
Sales per factory employee	78,420	94,991	108,281	120,210
Sales less material per factory employee	47,437	59,752	52,272	59,004
Sales per administrative employee	602,753	660,726	1,178,021	1,584,770
EXCLUDING EXECUTIVES				
Sales per employee - All employees	67,242	84,420	92,225	105,562
Sales per factory employee	82,861	100,144	112,493	125,563
Sales less material per factory employee	50,110	63,049	54,564	62,121
SALES PER SALESMAN	1,083,075	1,783,652	1,355,943	1,509,522
SALES TO CURRENT ASSETS	337%	291%	294%	298%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	38.41%	34.45%	31.68%	28.95%
Factory payroll percentage of gross plant investment	79.73	83.95	79.48	83.43
Payroll per employee - All employees	$ 22,424	$ 23,865	$ 25,606	$ 27,520
Payroll per factory employee	20,627	20,709	23,425	23,784
Payroll per administrative employee	29,769	34,531	31,697	41,703
Payroll per sales employee	31,624	35,948	52,572	69,368
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 17,236	$ 16,932	$ 20,906	$ 21,962
Payroll per factory employee	16,773	16,119	19,863	19,950
Payroll per administrative employee	15,628	15,415	15,811	19,759
Payroll per sales employee	23,806	20,806	42,403	54,314
EXECUTIVE PAYROLL				
Payroll per executive - All executives	41,551	45,506	43,698	49,286
Payroll per factory executive	32,311	35,742	30,100	24,406
Payroll per administrative executive	51,942	56,082	47,224	58,573
Payroll per sales executive	36,404	47,931	62,563	81,627
RECEIVABLES				
Collection period	69.3	69.8	79.4	74.6
PROFIT				
Gross profit percentage of sales	20.88%	26.86%	18.10%	19.81%
Average gross profit per factory employee	$ 18,393	$ 28,627	$ 20,144	$ 24,574
Income before taxes percentage of sales	4.25%	12.73%	5.53%	8.67%
Average income before taxes per employee	$ 3,523	$ 10,485	$ 5,303	$ 8,535

RETURN ON INVESTMENT - PER $100 OF SALES

	PRINTING AND BINDING		PRINTING ONLY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 1.78	$ 3.75	$ 1.02	$ 1.70
Receivables	18.10	18.57	21.06	19.84
Inventories	9.06	8.87	10.76	11.02
Marketable securities	0.87	2.21	0.87	1.45
Other current assets	1.19	2.11	0.75	0.19
	31.00	35.51	34.46	34.20
Plant Investment:				
Land and building	9.63	12.10	3.44	4.06
Machinery and equipment	29.62	22.54	31.89	30.94
Other fixed assets	4.54	6.28	1.65	1.58
	43.79	40.92	36.98	36.58
Non-Current Assets	2.47	2.39	0.54	0.08
TOTAL INVESTMENT	77.26	78.82	71.98	70.86
INVESTMENT TURNOVER PER $100 OF SALES	129.43%	126.87%	138.93%	141.12%
EARNINGS				
Cost of Product	$79.12	$73.14	$81.90	$80.19
Selling Expenses	6.27	5.87	6.42	5.91
Administrative Expenses	9.16	8.69	5.83	5.58
	94.55	87.70	94.15	91.68
Income Before Interest, Other Income, and Taxes	5.45	12.30	5.85	8.32
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.05%	15.61%	8.13%	11.74%

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	38	$ 4,620,000	$ 8,178,000	$ 487,000
TOTAL - PROFIT LEADERS*	12	6,315,000	10,163,000	1,105,000
BY SIZE OF FIRM				
ALL FIRMS				
$500,000-$1,500,000	3	514,000	774,000	56,000
$1,500,000-$5,000,000	14	1,634,000	2,852,000	33,000
$5,000,000-$10,000,000	11	3,516,000	7,174,000	300,000
Over $10,000,000	10	11,248,000	18,962,000	1,456,000
PROFIT LEADERS				
$500,000-$1,500,000	2	287,000	542,000	67,000
$1,500,000-$5,000,000	2	1,496,000	2,481,000	444,000
$5,000,000-$10,000,000	3	3,490,000	6,396,000	624,000
Over $10,000,000	5	12,350,000	19,343,000	2,074,000
BY PROCESS SPECIALTY				
ALL FIRMS				
Sheet-Fed Offset	26	3,936,000	6,890,000	315,000
Web-Fed Offset	2	12,363,000	20,473,000	2,746,000
Combination--Sheet-Fed/Web-Fed Offset	10	4,850,000	9,068,000	482,000
PROFIT LEADERS				
Sheet-Fed Offset	7	4,461,000	7,434,000	684,000
Combination--Sheet-Fed/Web-Fed Offset	4	5,858,000	9,121,000	981,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Printing and Binding	33	4,546,000	8,006,000	465,000
Printing Only	5	5,115,000	9,315,000	631,000
PROFIT LEADERS				
Printing and Binding	9	6,186,000	9,677,000	1,130,000
Printing Only	3	6,701,000	11,620,000	1,032,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in these books, these figures are arithmetic averages. See explanatory note on page 42.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1984 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1985 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director
PIA Financial Services

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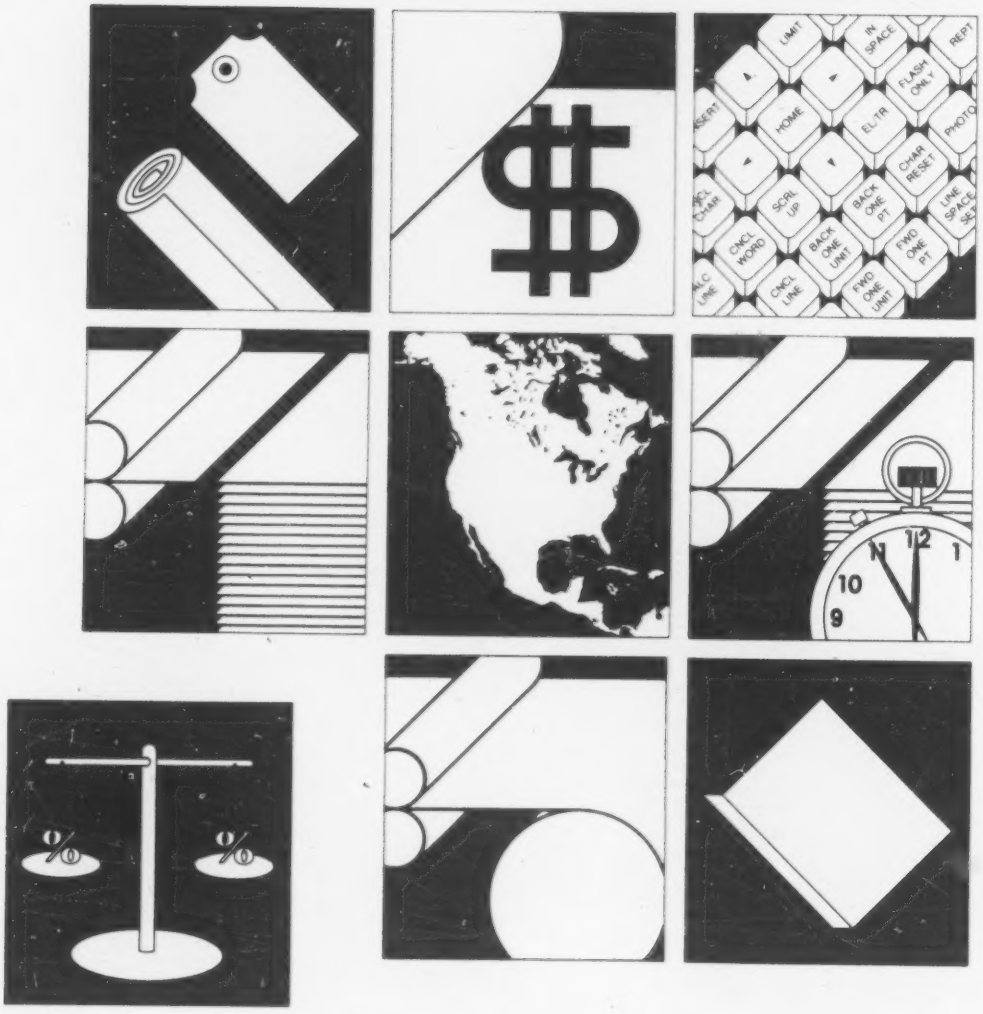
PTA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



Volume IX
Book Manufacturers

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

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Volume IX: Book Manufacturers

An Annual Financial Survey Conducted By:
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1730 North Lynn Street
Arlington, VA 22209

Accounting Firm:

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Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1985 PIA FINANCIAL RATIOS FOR BOOK MANUFACTURERS. This Ratio Study was developed on the basis of questionnaires volunteered by 35 firms and presents the ratios and statistics of Book Manufacturers by sales volume, process specialty and product specialty.

Thus the user of the report can direct himself to the standards for his sales size — for example, sales from $.5 to $1.5 million, sales from $1.5 to $5 million, etc.; process specialty — for example, sheet-fed offset, web-fed offset or combination sheet-fed/web-fed offset; and product specialty — for example, printing and binding or printing only. Readers can compare the data from their own firm's financial statements with similar data from other firms in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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Dear Colleague:

Congratulations on taking part in this year's Book Manufacturer's Ratio Study program. I'm sure that as you review the wealth of information contained in this volume, you will find it a very rewarding exercise.

PIA Financial Services serves all segments of the graphic arts industry with extensive information sources and economic research capabilities. If we can be of service, do not hesitate to contact our office.

William A. Rose, II
Director, PIA Financial Services
703/841-4805

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less materials costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of presentation management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS*
SALES OR VALUE OF PRODUCT PRODUCED	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%
FACTORY PAYROLL	47.10	35.49
FACTORY EXPENSES	20.88	20.37
TOTAL FACTORY COST OF PRODUCT	67.98	55.86
GROSS PROFIT	32.02	44.14
ADMINISTRATIVE AND SELLING EXPENSES		
Administrative expenses	13.53	10.72
Selling expenses	10.57	12.54
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	24.10	23.26
INCOME BEFORE INTEREST EXPENSE	7.92	20.88
Interest expense	3.90	1.80
OPERATING INCOME	4.02	19.08
Other income	1.74	1.97
INCOME BEFORE INCOME TAXES	5.76	21.05

* See page 10 for the definition of "Profit Leaders".
** Sample insufficient for Profit Leaders.

SALES FROM $1,500,000-$5,000,000**	SALES FROM $5,000,000-$10,000,000**	SALES OVER $10,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
X	X	X	X
X	X	X	X
100.00%	100.00%	100.00%	100.00%
49.47	43.74	48.34	38.08
20.62	20.94	20.13	18.48
70.09	64.68	68.47	56.56
29.91	35.32	31.53	43.44
13.39	14.72	11.32	9.76
9.19	10.39	11.63	12.16
22.58	25.11	22.95	21.92
7.33	10.21	8.58	21.52
4.05	5.14	1.96	2.01
3.28	5.07	6.62	19.51
1.85	0.91	2.39	1.77
5.13	5.98	9.01	21.28

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL		
Salaries - executive	3.41%	3.57%
Direct wages	31.42	23.72
General factory salaries and wages	3.77	2.17
Packing, shipping and delivery wages	1.35	0.99
Payroll taxes	3.29	2.27
Employee benefits	3.86	2.77
TOTAL FACTORY PAYROLL	47.10	35.49
FACTORY EXPENSES		
Fixed Expenses		
Depreciation - real estate	0.37	0.50
Depreciation - other	4.61	6.67
Taxes - real estate	0.47	0.46
Taxes - other	0.36	0.02
Insurance	0.51	0.22
Building rent	1.10	0.11
Utilities - heat, light, etc.	2.07	2.75
Equipment rental	0.65	0.41
Total Fixed Expenses	10.14	11.14
Other Expenses		
Factory supplies and expense	4.20	4.28
Packing, shipping and delivery expense	1.80	1.35
Repairs and maintenance	3.09	3.08
Other factory expenses	1.65	0.52
Total Other Expenses	10.74	9.23
TOTAL FACTORY EXPENSES	20.88	20.37
ADMINISTRATIVE EXPENSES		
Salaries - executive	3.01	3.52
Salaries - office	3.26	1.85
Payroll taxes	0.54	0.44
Employee benefits	0.76	0.42
Bad debts	0.98	0.98
Office supplies and expenses	0.84	0.42
Professional fees	0.85	0.82
Taxes - business	0.38	0.14
Telephone	0.66	0.95
Other administrative expenses	2.25	1.18
TOTAL ADMINISTRATIVE EXPENSES	13.53	10.72
SELLING EXPENSES		
Salaries - executive	1.12	1.63
Salaries and commissions - salesmen	4.96	6.36
Salaries - sales office clerical	1.37	1.15
Payroll taxes	0.42	0.62
Employee benefits	0.40	0.36
Advertising	0.29	0.08
Travel and entertainment	0.97	2.07
Other selling expenses	1.04	0.27
TOTAL SELLING EXPENSES	10.57	12.54

** Sample insufficient for Profit Leaders.

SALES FROM $1,500,000-$5,000,000**	SALES FROM $5,000,000-$10,000,000**	SALES OVER $10,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
3.24%	3.26%	4.26%	3.08%
34.72	30.35	27.98	24.51
3.54	2.89	5.36	2.83
1.63	1.41	1.21	1.04
3.21	2.71	3.77	2.51
3.13	3.12	5.76	4.11
49.47	43.74	48.34	38.08
0.17	0.44	0.52	0.40
4.35	4.79	3.52	4.92
0.57	0.43	0.41	0.50
0.19	0.25	0.46	0.03
0.54	0.49	0.21	0.08
1.96	1.07	0.15	0.17
1.81	1.67	2.58	3.14
0.86	0.06	1.08	0.61
10.45	9.20	8.93	9.85
3.45	3.91	5.79	4.43
2.04	2.11	1.09	0.61
3.03	3.17	3.31	2.80
1.65	2.55	1.01	0.79
10.17	11.74	11.20	8.63
20.62	20.94	20.13	18.48
3.12	2.91	2.30	3.90
3.26	3.14	3.09	1.99
0.48	0.58	0.41	0.27
0.52	0.99	0.80	0.59
0.89	1.96	0.33	0.37
1.36	0.70	0.44	0.33
0.86	0.86	0.90	0.65
0.21	0.32	0.63	0.00
0.62	0.73	0.45	0.56
2.07	2.53	1.97	1.10
13.39	14.72	11.32	9.76
1.07	0.97	1.34	1.96
4.64	5.42	4.48	5.36
1.45	1.29	1.60	1.18
0.36	0.31	0.49	0.54
0.21	0.31	0.69	0.49
0.14	0.32	0.19	0.04
0.66	1.01	1.10	2.24
0.66	0.76	1.74	0.35
9.19	10.39	11.63	12.16

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS*
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%
FACTORY COST OF PRODUCT		
MATERIALS		
Paper	27.64	23.33
Other chargeable materials	5.97	7.22
Outside services	7.75	11.97
TOTAL MATERIALS	41.36	42.52
FACTORY PAYROLL	27.71	20.44
FACTORY EXPENSES	12.20	11.66
TOTAL FACTORY COST OF PRODUCT	81.27	74.62
GROSS PROFIT	18.73	25.38
ADMINISTRATIVE AND SELLING EXPENSES		
Administrative expenses	7.88	6.17
Selling expenses	6.20	7.24
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	14.08	13.41
INCOME BEFORE INTEREST EXPENSE	4.65	11.97
Interest expense	2.20	1.01
OPERATING INCOME	2.45	10.96
Other income	1.04	1.11
INCOME BEFORE INCOME TAXES	3.49	12.07

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS		
Ink	1.31%	4.57%
Film	1.21	0.78
Plates	1.15	1.24
Other chargeable materials	2.30	0.63
TOTAL OTHER CHARGEABLE MATERIALS	5.97	7.22
OUTSIDE SERVICES		
Composition	0.65	0.00
Offset preparation	1.54	0.00
Printing	0.54	0.00
Binding	2.73	0.00
Other outside services	2.29	11.97
TOTAL OUTSIDE SERVICES	7.75	11.97

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $1,500,000-$5,000,000**	SALES FROM $5,000,000-$10,000,000**	SALES OVER $10,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%
25.22	32.75	25.78	20.86
6.23	4.54	6.99	8.00
8.91	7.34	6.46	13.84
40.36	44.63	39.23	42.70
29.49	24.42	29.31	21.90
12.26	11.69	12.08	10.50
82.11	80.74	80.62	75.10
17.89	19.26	19.38	24.90
8.06	8.01	6.86	5.60
5.35	5.63	7.32	7.00
13.41	13.64	14.18	12.60
4.48	5.62	5.20	12.30
2.39	2.69	1.17	1.13
2.09	2.93	4.03	11.17
1.09	0.66	1.35	0.99
3.18	3.59	5.38	12.16
1.14%	1.08%	1.75%	5.06%
1.02	1.01	1.59	0.87
1.10	1.01	1.38	1.37
2.97	1.44	2.27	0.70
6.23	4.54	6.99	8.00
1.49	0.47	0.28	0.00
3.17	0.49	0.72	0.00
0.93	0.43	0.33	0.00
1.48	4.68	1.47	0.00
1.84	1.27	3.66	13.84
8.91	7.34	6.46	13.84

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL		
Salaries - executive	2.03%	2.07%
Direct wages	18.38	13.66
General factory salaries and wages	2.28	1.26
Packing, shipping and delivery wages	0.80	0.56
Payroll taxes	1.94	1.32
Employee benefits	2.28	1.57
TOTAL FACTORY PAYROLL	27.71	20.44
FACTORY EXPENSES		
Fixed Expenses		
Depreciation - real estate	0.22	0.28
Depreciation - other	2.63	3.80
Taxes - real estate	0.27	0.25
Taxes - other	0.20	0.01
Insurance	0.29	0.13
Building rent	0.61	0.07
Utilities - heat, light, etc.	1.21	1.56
Equipment rental	0.39	0.22
Total Fixed Expenses	5.82	6.32
Other Expenses		
Factory supplies and expense	2.55	2.52
Packing, shipping and delivery expense	1.05	0.76
Repairs and maintenance	1.79	1.75
Other factory expenses	0.99	0.31
Total Other Expenses	6.38	5.34
TOTAL FACTORY EXPENSES	12.20	11.66
ADMINISTRATIVE EXPENSES		
Salaries - executive	1.78	2.06
Salaries - office	1.89	1.03
Payroll taxes	0.32	0.25
Employee benefits	0.45	0.24
Bad debts	0.51	0.57
Office supplies and expenses	0.50	0.24
Professional fees	0.48	0.47
Taxes - business	0.22	0.08
Telephone	0.39	0.54
Other administrative expenses	1.34	0.69
TOTAL ADMINISTRATIVE EXPENSES	7.88	6.17
SELLING EXPENSES		
Salaries - executive	0.66	0.91
Salaries and commissions - salesmen	2.91	3.68
Salaries - sales office clerical	0.79	0.69
Payroll taxes	0.25	0.35
Employee benefits	0.23	0.21
Advertising	0.17	0.05
Travel and entertainment	0.56	1.19
Other selling expenses	0.63	0.16
TOTAL SELLING EXPENSES	6.20	7.24

** Sample insufficient for Profit Leaders.

SALES FROM $1,500,000-$5,000,000**	SALES FROM $5,000,000-$10,000,000**	SALES OVER $10,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
1.95%	1.78%	2.67%	1.80%
20.66	16.89	16.84	14.08
2.08	1.74	3.33	1.65
0.96	0.82	0.73	0.58
1.90	1.49	2.31	1.46
1.94	1.70	3.43	2.33
29.49	24.42	29.31	21.90
0.11	0.25	0.31	0.22
2.55	2.60	2.08	2.75
0.34	0.23	0.24	0.27
0.11	0.12	0.27	0.02
0.32	0.23	0.12	0.05
1.13	0.54	0.09	0.10
1.08	0.92	1.52	1.77
0.51	0.03	0.64	0.33
6.15	4.92	5.27	5.51
2.11	2.27	3.60	2.62
1.22	1.19	0.66	0.33
1.79	1.77	1.94	1.57
0.99	1.54	0.61	0.47
6.11	6.77	6.81	4.99
12.26	11.69	12.08	10.50
1.89	1.65	1.39	2.29
1.94	1.69	1.87	1.09
0.29	0.34	0.25	0.15
0.33	0.55	0.48	0.33
0.50	0.94	0.20	0.22
0.82	0.39	0.28	0.19
0.51	0.45	0.53	0.37
0.13	0.18	0.36	0.00
0.38	0.41	0.28	0.31
1.27	1.41	1.22	0.65
8.06	8.01	6.86	5.60
0.63	0.55	0.81	1.08
2.74	2.87	2.90	3.08
0.79	0.74	0.98	0.72
0.20	0.17	0.30	0.31
0.13	0.17	0.42	0.29
0.09	0.17	0.13	0.03
0.38	0.54	0.66	1.28
0.39	0.42	1.12	0.21
5.35	5.63	7.32	7.00

BALANCE SHEET

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
ASSETS		
CURRENT ASSETS		
Cash	3.11%	1.51%
Receivables	32.89	36.02
Inventories	18.45	21.33
Other current assets	4.16	4.81
TOTAL CURRENT ASSETS	58.61	63.67
FIXED ASSETS		
Real estate	15.37	10.39
Less: Accumulated depreciation	4.71	3.03
	10.66	7.36
Machinery and equipment	57.10	47.47
Less: Accumulated depreciation	31.95	23.72
	25.15	23.75
Other fixed assets	4.90	9.36
Less: Accumulated depreciation	3.00	4.72
	1.90	4.64
NET FIXED ASSETS	37.71	35.75
OTHER ASSETS	3.68	0.58
TOTAL ASSETS	100.00	100.00
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Notes payable	11.31	4.11
Accounts payable	14.22	15.69
Other current liabilities	10.97	13.35
TOTAL CURRENT LIABILITIES	36.50	33.15
LONG-TERM LIABILITIES	28.95	17.69
TOTAL LIABILITIES	65.45	50.84
SHAREHOLDERS' AND PROPRIETORS' EQUITY	34.55	49.16
TOTAL LIABILITIES AND EQUITY	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.61	1.92
QUICK RATIO	1.10	1.28
TOTAL LIABILITIES TO EQUITY	1.89	1.03
LONG-TERM LIABILITIES TO EQUITY	0.84	0.36
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.56	0.50

** Sample insufficient for Profit Leaders.

SALES FROM $1,500,000-$5,000,000**	SALES FROM $5,000,000-$10,000,000**	SALES OVER $10,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
4.99%	0.54%	3.79%	3.65%
34.42	35.89	33.39	35.70
18.72	19.81	17.13	19.75
4.33	1.86	6.78	5.80
62.46	58.10	61.09	64.90
12.73	10.88	21.61	8.73
4.08	3.53	7.02	3.10
8.65	7.35	14.59	5.63
66.76	53.18	47.34	41.03
42.56	24.15	28.13	17.67
24.20	29.03	19.21	23.36
5.24	5.85	3.19	9.90
3.74	3.20	1.71	4.57
1.50	2.65	1.48	5.33
34.35	39.03	35.28	34.32
3.19	2.87	3.63	0.78
100.00	100.00	100.00	100.00
9.36	20.06	3.82	0.48
16.69	16.44	9.59	16.63
10.90	8.04	15.18	18.57
36.95	44.54	28.59	35.68
32.08	29.35	22.62	16.00
69.03	73.89	51.21	51.68
30.97	26.11	48.79	48.32
100.00	100.00	100.00	100.00
1.69	1.30	2.14	1.82
1.18	0.86	1.54	1.27
2.23	2.83	1.05	1.07
1.04	1.12	0.46	0.33
0.64	0.45	0.59	0.43

SIGNIFICANT FACTS

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Average assets per employee - All employees	$ 36,474	$ 57,451
Average assets per factory employee (Excluding Executives)	48,678	75,133
Average net worth per employee - All employees	12,752	28,766
Average gross plant investment per factory employee (Excluding Executives)	36,053	53,236
Net worth percentage of fixed assets	121.99%	145.34%
EMPLOYEES		
Percent factory - All employees	80.53%	81.10%
Percent administrative - All employees	10.09	8.65
Percent sales - All employees	9.38	10.25
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES		
Sales per employee - All employees	$ 65,673	$ 92,258
Sales per factory employee	82,808	112,889
Sales less material per factory employee	47,175	64,778
Sales per administrative employee	723,162	1,326,870
EXCLUDING EXECUTIVES		
Sales per employee - All employees	71,166	101,044
Sales per factory employee	87,489	120,538
Sales less material per factory employee	49,820	69,249
SALES PER SALESMAN	1,186,799	1,282,883
SALES TO CURRENT ASSETS	346%	260%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES		
Total payroll percentage of sales	37.00%	29.85%
Factory payroll percentage of gross plant investment	78.60	73.22
Payroll per employee - All employees	$ 23,385	$ 27,915
Payroll per factory employee	21,698	23,500
Payroll per administrative employee	29,850	49,804
Payroll per sales employee	34,029	65,436
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES		
Payroll per employee - All employees	$ 18,436	$ 21,198
Payroll per factory employee	17,664	18,952
Payroll per administrative employee	16,071	16,486
Payroll per sales employee	28,022	50,425
EXECUTIVE PAYROLL		
Payroll per executive - All executives	39,202	54,253
Payroll per factory executive	30,979	35,988
Payroll per administrative executive	48,237	80,656
Payroll per sales executive	38,355	99,087
RECEIVABLES		
Collection period	65.9	84.8
PROFIT		
Gross profit percentage of sales	18.73%	25.38%
Average gross profit per factory employee	$ 16,633	$ 30,440
Income before taxes percentage of sales	3.49%	12.07%
Average income before taxes per employee	$ 2,483	$ 11,161

** Sample insufficient for Profit Leaders.

SALES FROM $1,500,000-$5,000,000**	SALES FROM $5,000,000-$10,000,000**	SALES OVER $10,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 29,186	$ 39,714	$ 39,676	$ 60,891
38,380	54,415	50,890	77,564
8,705	10,411	19,961	30,293
30,683	36,619	35,578	50,924
152.24%	73.97%	150.53%	152.17%
80.40%	79.88%	83.53%	83.33%
10.02	10.72	8.36	8.30
9.58	9.40	8.11	8.37
$ 55,574	$ 74,857	$ 70,716	$ 107,201
70,544	95,725	84,952	128,642
41,418	50,686	50,590	73,638
570,945	736,397	953,924	1,656,627
60,171	81,012	76,665	117,167
74,014	101,383	90,659	137,472
43,436	53,529	54,077	78,817
856,406	1,186,787	1,553,722	1,592,271
355%	347%	310%	290%
38.43%	33.15%	38.72%	31.25%
87.83	72.79	83.34	96.71
$ 21,139	$ 24,072	$ 26,177	$ 33,434
20,344	22,030	23,650	28,117
24,150	30,882	36,385	64,656
22,598	35,798	47,977	83,642
$ 17,447	$ 19,250	$ 19,452	$ 24,855
17,213	18,261	18,032	22,450
14,409	15,871	18,592	19,633
20,790	30,907	35,916	62,608
31,044	43,931	45,753	65,381
29,855	29,308	36,993	36,433
35,639	55,045	59,271	107,581
13,914	32,567	74,889	130,000
64.3	74.2	67.7	67.6
17.89%	19.26%	19.38%	24.90%
$ 13,208	$ 19,155	$ 18,101	$ 34,251
3.18%	3.59%	5.38%	12.16%
$ 1,550	$ 2,334	$ 4,396	$ 13,032

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Current Assets:		
Cash	$ 1.79	$ 0.73
Receivables	16.91	21.86
Inventories	9.83	13.67
Marketable securities	1.72	2.70
Other current assets	0.97	0.83
	31.22	39.79
Plant Investment:		
Land and building	9.66	7.69
Machinery and equipment	31.42	32.80
Other fixed assets	2.56	6.56
	43.64	47.05
Non-Current Assets	2.23	0.41
TOTAL INVESTMENT	77.09	87.25
INVESTMENT TURNOVER PER $100 OF SALES	129.72%	114.61%
EARNINGS		
Cost of Product	$81.27	$74.62
Selling Expenses	6.20	7.24
Administrative Expenses	7.88	6.17
	95.35	88.03
Income Before Interest, Other Income, and Taxes	4.65	11.97
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.03%	13.72%

** Sample insufficient for Profit Leaders.

SALES FROM $1,500,000-$5,000,000**	SALES FROM $5,000,000-$10,000,000**	SALES OVER $10,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 2.94	$ 0.19	$ 2.15	$ 2.22
16.60	18.64	17.59	17.93
9.47	10.38	9.05	10.57
2.49	0.00	2.76	4.05
0.68	0.98	1.41	0.10
32.18	30.19	32.96	34.87
7.52	5.99	12.30	5.98
32.82	27.76	25.60	24.73
2.21	3.03	1.96	6.49
42.55	36.78	39.86	37.20
1.97	1.37	2.41	0.54
76.70	68.34	75.23	72.61
130.38%	146.33%	132.93%	137.72%
$82.11	$80.74	$80.62	$75.10
5.35	5.63	7.32	7.00
8.06	8.01	6.86	5.60
95.52	94.38	94.80	87.70
4.48	5.62	5.20	12.30
5.84%	8.22%	6.91%	16.94%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	SHEET-FED OFFSET**
	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X
VALUE ADDED BY MANUFACTURE	100.00%
FACTORY PAYROLL	48.26
FACTORY EXPENSES	20.27
TOTAL FACTORY COST OF PRODUCT	68.53
GROSS PROFIT	31.47
ADMINISTRATIVE AND SELLING EXPENSES	
Administrative expenses	13.62
Selling expenses	10.78
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	24.40
INCOME BEFORE INTEREST EXPENSE	7.07
Interest expense	3.87
OPERATING INCOME	3.20
Other income	1.47
INCOME BEFORE INCOME TAXES	4.67

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
X	X	X
X	X	X
100.00%	100.00%	100.00%
40.94	46.54	33.10
20.90	22.06	22.55
61.84	68.60	55.65
38.16	31.40	44.35
14.91	13.01	11.06
9.89	10.34	12.19
24.80	23.35	23.25
13.36	8.05	21.10
4.62	3.74	2.04
8.74	4.31	19.06
2.08	2.16	2.37
10.82	6.47	21.43

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	SHEET-FED OFFSET**
	ALL FIRMS
FACTORY PAYROLL	
Salaries - executive	3.75%
Direct wages	32.27
General factory salaries and wages	4.04
Packing, shipping and delivery wages	1.24
Payroll taxes	3.53
Employee benefits	3.43
TOTAL FACTORY PAYROLL	48.26
FACTORY EXPENSES	
Fixed Expenses	
Depreciation - real estate	0.34
Depreciation - other	4.08
Taxes - real estate	0.44
Taxes - other	0.37
Insurance	0.53
Building rent	1.14
Utilities - heat, light, etc.	1.93
Equipment rental	0.56
Total Fixed Expenses	9.39
Other Expenses	
Factory supplies and expense	4.48
Packing, shipping and delivery expense	1.95
Repairs and maintenance	2.60
Other factory expenses	1.85
Total Other Expenses	10.88
TOTAL FACTORY EXPENSES	20.27
ADMINISTRATIVE EXPENSES	
Salaries - executive	3.42
Salaries - office	3.29
Payroll taxes	0.63
Employee benefits	0.56
Bad debts	0.73
Office supplies and expenses	1.02
Professional fees	0.77
Taxes - business	0.32
Telephone	0.71
Other administrative expenses	2.17
TOTAL ADMINISTRATIVE EXPENSES	13.62
SELLING EXPENSES	
Salaries - executive	1.09
Salaries and commissions - salesmen	5.14
Salaries - sales office clerical	1.48
Payroll taxes	0.44
Employee benefits	0.29
Advertising	0.36
Travel and entertainment	0.82
Other selling expenses	1.16
TOTAL SELLING EXPENSES	10.78

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
1.55%	3.27%	3.39%
26.24	31.17	22.78
5.19	2.85	1.48
1.72	1.47	1.14
2.55	3.04	1.84
3.69	4.74	2.47
40.94	46.54	33.10
0.43	0.42	0.69
3.47	5.93	8.60
0.80	0.42	0.59
0.73	0.22	0.00
0.24	0.55	0.29
1.69	0.87	0.00
2.14	2.33	2.89
1.98	0.47	0.53
11.48	11.21	13.59
4.85	3.50	3.07
1.24	1.66	1.98
2.58	4.18	3.77
0.75	1.51	0.14
9.42	10.85	8.96
20.90	22.06	22.55
2.37	2.40	2.77
2.31	3.47	2.45
0.33	0.42	0.52
1.27	1.00	0.38
1.25	1.39	1.10
0.58	0.58	0.45
0.96	0.98	0.97
0.50	0.46	0.20
0.47	0.61	1.24
4.87	1.70	0.98
14.91	13.01	11.06
1.55	1.06	1.99
3.60	4.99	6.49
1.41	1.14	0.55
0.31	0.42	0.69
0.72	0.52	0.16
0.20	0.18	0.08
0.91	1.28	2.09
1.19	0.75	0.14
9.89	10.34	12.19

REPORT ON OPERATIONS - SALES = 100%

	SHEET-FED OFFSET**
	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%
FACTORY COST OF PRODUCT	
MATERIALS	
Paper	24.76
Other chargeable materials	6.29
Outside services	7.74
TOTAL MATERIALS	38.79
FACTORY PAYROLL	29.52
FACTORY EXPENSES	12.39
TOTAL FACTORY COST OF PRODUCT	80.70
GROSS PROFIT	19.30
ADMINISTRATIVE AND SELLING EXPENSES	
Administrative expenses	8.32
Selling expenses	6.60
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	14.92
INCOME BEFORE INTEREST EXPENSE	4.38
Interest expense	2.29
OPERATING INCOME	2.09
Other income	0.87
INCOME BEFORE INCOME TAXES	2.96

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS	
Ink	1.12%
Film	1.30
Plates	1.01
Other chargeable materials	2.86
TOTAL OTHER CHARGEABLE MATERIALS	6.29
OUTSIDE SERVICES	
Composition	0.80
Offset preparation	2.35
Printing	0.68
Binding	2.30
Other outside services	1.61
TOTAL OUTSIDE SERVICES	7.74

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%
33.29	31.53	26.70
5.29	5.55	6.91
6.41	8.15	10.67
44.99	45.23	44.28
22.42	25.72	18.38
11.49	12.04	12.60
78.90	82.99	75.26
21.10	17.01	24.74
8.29	6.96	6.20
5.41	5.64	6.82
13.70	12.60	13.02
7.40	4.41	11.72
2.56	1.92	1.12
4.84	2.49	10.60
1.14	1.32	1.32
5.98	3.81	11.92
1.59%	1.62%	5.26%
0.60	1.27	0.76
1.13	1.47	0.89
1.97	1.19	0.00
5.29	5.55	6.91
0.22	0.57	0.00
1.93	0.22	0.00
0.44	0.36	0.00
0.81	4.00	0.00
3.01	3.00	10.67
6.41	8.15	10.67

SUPPORTING SCHEDULES - SALES = 100%

	SHEET-FED OFFSET**
	ALL FIRMS
FACTORY PAYROLL	
Salaries - executive	2.34%
Direct wages	19.56
General factory salaries and wages	2.56
Packing, shipping and delivery wages	0.76
Payroll taxes	2.15
Employee benefits	2.15
TOTAL FACTORY PAYROLL	29.52
FACTORY EXPENSES	
Fixed Expenses	
Depreciation - real estate	0.21
Depreciation - other	2.43
Taxes - real estate	0.27
Taxes - other	0.23
Insurance	0.32
Building rent	0.67
Utilities - heat, light, etc.	1.18
Equipment rental	0.34
Total Fixed Expenses	5.65
Other Expenses	
Factory supplies and expense	2.81
Packing, shipping and delivery expense	1.20
Repairs and maintenance	1.57
Other factory expenses	1.16
Total Other Expenses	6.74
TOTAL FACTORY EXPENSES	12.39
ADMINISTRATIVE EXPENSES	
Salaries - executive	2.11
Salaries - office	2.00
Payroll taxes	0.39
Employee benefits	0.35
Bad debts	0.42
Office supplies and expenses	0.62
Professional fees	0.46
Taxes - business	0.20
Telephone	0.43
Other administrative expenses	1.34
TOTAL ADMINISTRATIVE EXPENSES	8.32
SELLING EXPENSES	
Salaries - executive	0.67
Salaries and commissions - salesmen	3.17
Salaries - sales office clerical	0.86
Payroll taxes	0.26
Employee benefits	0.19
Advertising	0.22
Travel and entertainment	0.49
Other selling expenses	0.74
TOTAL SELLING EXPENSES	6.60

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
0.85%	1.77%	1.91%
14.35	17.23	12.67
2.84	1.60	0.81
0.96	0.83	0.63
1.43	1.67	1.03
1.99	2.62	1.33
22.42	25.72	18.38
0.24	0.24	0.38
1.83	3.22	4.84
0.42	0.24	0.32
0.40	0.10	0.00
0.13	0.27	0.17
0.92	0.43	0.00
1.18	1.26	1.59
1.13	0.27	0.28
6.25	6.03	7.58
2.70	2.00	1.73
0.71	0.86	1.12
1.42	2.32	2.10
0.41	0.83	0.07
5.24	6.01	5.02
11.49	12.04	12.60
1.32	1.30	1.53
1.26	1.86	1.35
0.18	0.23	0.30
0.71	0.56	0.21
0.70	0.64	0.63
0.32	0.32	0.25
0.52	0.52	0.55
0.28	0.25	0.12
0.26	0.34	0.70
2.74	0.94	0.56
8.29	6.96	6.20
0.85	0.58	1.09
2.00	2.67	3.64
0.75	0.67	0.32
0.17	0.23	0.39
0.38	0.29	0.09
0.11	0.09	0.05
0.50	0.69	1.16
0.65	0.42	0.08
5.41	5.64	6.82

BALANCE SHEET

	SHEET-FED OFFSET**
	ALL FIRMS
ASSETS	
CURRENT ASSETS	
Cash	4.08%
Receivables	32.33
Inventories	18.73
Other current assets	3.92
TOTAL CURRENT ASSETS	59.06
FIXED ASSETS	
Real estate	16.60
Less: Accumulated depreciation	4.60
	12.00
Machinery and equipment	56.72
Less: Accumulated depreciation	33.00
	23.72
Other fixed assets	4.52
Less: Accumulated depreciation	2.90
	1.62
NET FIXED ASSETS	37.34
OTHER ASSETS	3.60
TOTAL ASSETS	100.00
LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Notes payable	11.83
Accounts payable	13.19
Other current liabilities	10.69
TOTAL CURRENT LIABILITIES	35.71
LONG-TERM LIABILITIES	30.60
TOTAL LIABILITIES	66.31
SHAREHOLDERS' AND PROPRIETORS' EQUITY	33.69
TOTAL LIABILITIES AND EQUITY	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.65
QUICK RATIO	1.13
TOTAL LIABILITIES TO EQUITY	1.97
LONG-TERM LIABILITIES TO EQUITY	0.91
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.58

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
2.37%	1.45%	0.93%
31.03	34.52	28.91
15.26	18.77	20.21
3.65	4.73	7.11
52.31	59.47	57.16
12.58	13.79	14.59
1.08	5.90	4.21
11.50	7.89	10.38
39.01	62.76	55.66
13.77	34.92	29.39
25.24	27.84	26.27
6.46	5.19	11.98
3.26	3.11	6.59
3.20	2.08	5.39
39.94	37.81	42.04
7.75	2.72	0.80
100.00	100.00	100.00
12.92	9.88	6.06
16.85	15.46	15.18
11.96	11.25	9.06
41.73	36.59	30.30
31.52	25.10	17.65
73.25	61.69	47.95
26.75	38.31	52.05
100.00	100.00	100.00
1.25	1.63	1.89
0.89	1.11	1.22
2.74	1.61	0.92
1.18	0.66	0.34
0.35	0.56	0.53

SIGNIFICANT FACTS

	SHEET-FED OFFSET**
	ALL FIRMS
INVESTMENT	
Average assets per employee - All employees	$ 31,796
Average assets per factory employee (Excluding Executives)	42,763
Average net worth per employee - All employees	10,499
Average gross plant investment per factory employee (Excluding Executives)	31,877
Net worth percentage of fixed assets	135.66%
EMPLOYEES	
Percent factory - All employees	80.21%
Percent administrative - All employees	10.05
Percent sales - All employees	9.74
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES	
Sales per employee - All employees	$ 57,159
Sales per factory employee	72,515
Sales less material per factory employee	43,586
Sales per administrative employee	650,842
EXCLUDING EXECUTIVES	
Sales per employee - All employees	62,498
Sales per factory employee	76,793
Sales less material per factory employee	46,168
SALES PER SALESMAN	1,087,773
SALES TO CURRENT ASSETS	355%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES	
Total payroll percentage of sales	39.52%
Factory payroll percentage of gross plant investment	86.21
Payroll per employee - All employees	$ 21,964
Payroll per factory employee	20,489
Payroll per administrative employee	28,857
Payroll per sales employee	27,491
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES	
Payroll per employee - All employees	$ 17,552
Payroll per factory employee	16,819
Payroll per administrative employee	15,458
Payroll per sales employee	23,961
EXECUTIVE PAYROLL	
Payroll per executive - All executives	33,833
Payroll per factory executive	29,305
Payroll per administrative executive	45,317
Payroll per sales executive	26,410
RECEIVABLES	
Collection period	62.8
PROFIT	
Gross profit percentage of sales	19.30%
Average gross profit per factory employee	$ 15,216
Income before taxes percentage of sales	2.96%
Average income before taxes per employee	$ 1,916

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 43,649	$ 43,449	$ 64,553
54,908	58,271	84,282
12,500	17,106	33,770
32,836	44,904	69,282
63.63%	111.82%	124.40%
82.61%	80.57%	79.98%
8.54	10.60	10.80
8.85	8.83	9.22
$ 80,532	$ 77,876	$ 85,700
97,896	98,343	106,111
53,663	52,256	58,610
957,819	797,231	778,522
84,957	83,952	92,932
100,426	104,383	111,562
55,059	55,364	61,644
1,112,957	1,350,974	1,046,340
365%	325%	231%
30.03%	34.10%	27.31%
76.58	64.62	29.39
$ 24,241	$ 25,862	$ 23,457
21,925	23,943	19,720
33,404	30,775	26,799
40,746	44,678	70,618
$ 18,876	$ 20,005	$ 17,879
18,303	19,105	15,829
15,295	17,452	14,985
31,343	34,871	52,289
59,673	43,868	50,003
24,187	36,028	36,544
67,942	48,436	46,023
60,606	55,090	108,630
65.3	72.0	87.7
21.10%	17.01%	24.74%
$ 21,164	$ 18,101	$ 27,202
5.98%	3.81%	11.92%
$ 4,788	$ 2,936	$ 10,224

RETURN ON INVESTMENT - PER $100 OF SALES

	SHEET-FED OFFSET**
	ALL FIRMS
INVESTMENT	
Current Assets:	
Cash	$ 2.43
Receivables	16.15
Inventories	9.95
Marketable securities	1.60
Other current assets	1.10
	31.23
Plant Investment:	
Land and building	11.23
Machinery and equipment	31.11
Other fixed assets	2.21
	44.55
Non-Current Assets	2.38
TOTAL INVESTMENT	78.16
INVESTMENT TURNOVER PER $100 OF SALES	127.94%
EARNINGS	
Cost of Product	$80.70
Selling Expenses	6.60
Administrative Expenses	8.32
	95.62
Income Before Interest, Other Income, and Taxes	4.38
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	5.60%

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 1.39	$ 0.67	$ 0.54
16.42	18.45	22.48
7.70	10.18	15.67
0.32	2.34	4.05
1.68	0.52	1.20
27.51	32.16	43.94
7.68	7.22	11.13
21.54	34.73	42.82
3.00	3.11	9.00
32.22	45.06	62.95
4.19	1.42	0.58
63.92	78.64	107.47
156.45%	127.16%	93.05%
$78.90	$82.99	$75.26
5.41	5.64	6.82
8.29	6.96	6.20
92.60	95.59	88.28
7.40	4.41	11.72
11.58%	5.61%	10.91%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	PRINTING AND BINDING**	PRINTING ONLY	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	47.14	46.86	38.08
FACTORY EXPENSES	21.28	18.49	18.48
TOTAL FACTORY COST OF PRODUCT	68.42	65.35	56.56
GROSS PROFIT	31.58	34.65	43.44
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	13.74	12.33	9.76
Selling expenses	10.66	10.02	12.16
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	24.40	22.35	21.92
INCOME BEFORE INTEREST EXPENSE	7.18	12.30	21.52
Interest expense	3.90	3.84	2.01
OPERATING INCOME	3.28	8.46	19.51
Other income	2.01	0.12	1.77
INCOME BEFORE INCOME TAXES	5.29	8.58	21.28

** Sample insufficient for Profit Leaders.

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	PRINTING AND BINDING**	PRINTING ONLY	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL			
Salaries - executive	3.29%	4.15%	3.08%
Direct wages	31.42	31.40	24.51
General factory salaries and wages	3.74	3.97	2.83
Packing, shipping and delivery wages	1.40	1.03	1.04
Payroll taxes	3.28	3.33	2.51
Employee benefits	4.01	2.98	4.11
TOTAL FACTORY PAYROLL	47.14	46.86	38.08
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.39	0.25	0.40
Depreciation - other	4.58	4.91	4.92
Taxes - real estate	0.50	0.25	0.50
Taxes - other	0.38	0.18	0.03
Insurance	0.48	0.70	0.08
Building rent	1.03	1.51	0.17
Utilities - heat, light, etc.	2.02	2.38	3.14
Equipment rental	0.72	0.24	0.61
Total Fixed Expenses	10.10	10.42	9.85
Other Expenses			
Factory supplies and expense	4.42	2.92	4.43
Packing, shipping and delivery expense	1.78	1.91	0.61
Repairs and maintenance	3.19	2.48	2.80
Other factory expenses	1.79	0.76	0.79
Total Other Expenses	11.18	8.07	8.63
TOTAL FACTORY EXPENSES	21.28	18.49	18.48
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.98	3.19	3.90
Salaries - office	3.28	3.25	1.99
Payroll taxes	0.56	0.38	0.27
Employee benefits	0.82	0.38	0.59
Bad debts	0.77	2.25	0.37
Office supplies and expenses	0.90	0.48	0.33
Professional fees	0.86	0.75	0.65
Taxes - business	0.45	0.00	0.00
Telephone	0.69	0.45	0.56
Other administrative expenses	2.43	1.20	1.10
TOTAL ADMINISTRATIVE EXPENSES	13.74	12.33	9.76
SELLING EXPENSES			
Salaries - executive	1.17	0.78	1.96
Salaries and commissions - salesmen	4.97	4.94	5.36
Salaries - sales office clerical	1.30	1.81	1.18
Payroll taxes	0.41	0.50	0.54
Employee benefits	0.43	0.20	0.49
Advertising	0.31	0.17	0.04
Travel and entertainment	0.89	1.48	2.24
Other selling expenses	1.18	0.14	0.35
TOTAL SELLING EXPENSES	10.66	10.02	12.16

** Sample insufficient for Profit Leaders.

REPORT ON OPERATIONS - SALES = 100%

	PRINTING AND BINDING**	PRINTING ONLY	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	27.92	23.82	20.86
Other chargeable materials	6.10	5.22	8.00
Outside services	6.19	17.15	13.84
TOTAL MATERIALS	40.21	48.19	42.70
FACTORY PAYROLL	28.17	24.97	21.90
FACTORY EXPENSES	12.69	9.28	10.50
TOTAL FACTORY COST OF PRODUCT	81.07	82.44	75.10
GROSS PROFIT	18.93	17.56	24.90
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	8.21	5.96	5.60
Selling expenses	6.40	4.99	7.00
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	14.61	10.95	12.60
INCOME BEFORE INTEREST EXPENSE	4.32	6.61	12.30
Interest expense	2.28	1.66	1.13
OPERATING INCOME	2.04	4.95	11.17
Other income	1.16	0.29	0.99
INCOME BEFORE INCOME TAXES	3.20	5.24	12.16

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	0.95%	2.79%	5.06%
Film	1.28	0.88	0.87
Plates	1.16	1.04	1.37
Other chargeable materials	2.71	0.51	0.70
TOTAL OTHER CHARGEABLE MATERIALS	6.10	5.22	8.00
OUTSIDE SERVICES			
Composition	0.46	1.73	0.00
Offset preparation	0.99	4.48	0.00
Printing	0.57	0.52	0.00
Binding	2.24	5.83	0.00
Other outside services	1.93	4.59	13.84
TOTAL OUTSIDE SERVICES	6.19	17.15	13.84

** Sample insufficient for Profit Leaders.

SUPPORTING SCHEDULES - SALES = 100%

	PRINTING AND BINDING**	PRINTING ONLY	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL			
Salaries - executive	2.01%	2.15%	1.80%
Direct wages	18.68	16.65	14.08
General factory salaries and wages	2.30	2.16	1.65
Packing, shipping and delivery wages	0.84	0.54	0.58
Payroll taxes	1.97	1.73	1.46
Employee benefits	2.37	1.74	2.33
TOTAL FACTORY PAYROLL	28.17	24.97	21.90
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.23	0.14	0.22
Depreciation - other	2.67	2.44	2.75
Taxes - real estate	0.29	0.13	0.27
Taxes - other	0.22	0.07	0.02
Insurance	0.29	0.29	0.05
Building rent	0.61	0.66	0.10
Utilities - heat, light, etc.	1.20	1.23	1.77
Equipment rental	0.43	0.13	0.33
Total Fixed Expenses	5.94	5.09	5.51
Other Expenses			
Factory supplies and expense	2.69	1.66	2.62
Packing, shipping and delivery expense	1.09	0.84	0.33
Repairs and maintenance	1.88	1.28	1.57
Other factory expenses	1.09	0.41	0.47
Total Other Expenses	6.75	4.19	4.99
TOTAL FACTORY EXPENSES	12.69	9.28	10.50
ADMINISTRATIVE EXPENSES			
Salaries - executive	1.80	1.72	2.29
Salaries - office	1.95	1.52	1.09
Payroll taxes	0.34	0.18	0.15
Employee benefits	0.48	0.22	0.33
Bad debts	0.45	0.91	0.22
Office supplies and expenses	0.54	0.24	0.19
Professional fees	0.51	0.34	0.37
Taxes - business	0.26	0.00	0.00
Telephone	0.42	0.22	0.31
Other administrative expenses	1.46	0.61	0.65
TOTAL ADMINISTRATIVE EXPENSES	8.21	5.96	5.60
SELLING EXPENSES			
Salaries - executive	0.70	0.43	1.08
Salaries and commissions - salesmen	3.00	2.40	3.08
Salaries - sales office clerical	0.77	0.90	0.72
Payroll taxes	0.25	0.25	0.31
Employee benefits	0.25	0.12	0.29
Advertising	0.19	0.07	0.03
Travel and entertainment	0.52	0.74	1.28
Other selling expenses	0.72	0.08	0.21
TOTAL SELLING EXPENSES	6.40	4.99	7.00

** Sample insufficient for Profit Leaders.

BALANCE SHEET

	PRINTING AND BINDING**	PRINTING ONLY	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
ASSETS			
CURRENT ASSETS			
Cash	2.82%	4.84%	3.65%
Receivables	33.42	29.79	35.70
Inventories	18.31	19.25	19.75
Other current assets	3.08	10.61	5.80
TOTAL CURRENT ASSETS	57.63	64.49	64.90
FIXED ASSETS			
Real estate	17.02	5.49	8.73
Less: Accumulated depreciation	5.09	2.44	3.10
	11.93	3.05	5.63
Machinery and equipment	57.28	56.04	41.03
Less: Accumulated depreciation	32.73	27.36	17.67
	24.55	28.68	23.36
Other fixed assets	5.00	4.27	9.90
Less: Accumulated depreciation	3.18	1.87	4.57
	1.82	2.40	5.33
NET FIXED ASSETS	38.30	34.13	34.32
OTHER ASSETS	4.07	1.38	0.78
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	12.90	1.78	0.48
Accounts payable	13.62	17.83	16.63
Other current liabilities	11.18	9.75	18.57
TOTAL CURRENT LIABILITIES	37.70	29.36	35.68
LONG-TERM LIABILITIES	29.10	28.02	16.00
TOTAL LIABILITIES	66.80	57.38	51.68
SHAREHOLDERS' AND PROPRIETORS' EQUITY	33.20	42.62	48.32
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.53	2.20	1.82
QUICK RATIO	1.04	1.54	1.27
TOTAL LIABILITIES TO EQUITY	2.01	1.35	1.07
LONG-TERM LIABILITIES TO EQUITY	0.88	0.66	0.33
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.57	0.49	0.43

** Sample insufficient for Profit Leaders.

SIGNIFICANT FACTS

	PRINTING AND BINDING**	PRINTING ONLY	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Average assets per employee - All employees	$ 34,153	$ 50,402	$ 60,891
Average assets per factory employee (Excluding Executives)	45,311	68,884	77,564
Average net worth per employee - All employees	11,193	22,101	30,293
Average gross plant investment per factory employee (Excluding Executives)	34,874	43,127	50,924
Net worth percentage of fixed assets	118.26%	144.42%	152.17%
EMPLOYEES			
Percent factory - All employees	80.73%	79.32%	83.33%
Percent administrative - All employees	9.89	11.32	8.30
Percent sales - All employees	9.38	9.36	8.37
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 62,181	$ 86,629	$ 107,201
Sales per factory employee	78,013	111,576	128,642
Sales less material per factory employee	45,681	56,137	73,638
Sales per administrative employee	672,072	1,029,704	1,656,627
EXCLUDING EXECUTIVES			
Sales per employee - All employees	67,251	94,658	117,167
Sales per factory employee	81,955	120,698	137,472
Sales less material per factory employee	48,024	60,597	78,817
SALES PER SALESMAN	1,198,079	1,113,474	1,592,271
SALES TO CURRENT ASSETS	354%	297%	290%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	37.72%	32.69%	31.25%
Factory payroll percentage of gross plant investment	78.60	78.58	96.71
Payroll per employee - All employees	$ 22,869	$ 26,478	$ 33,434
Payroll per factory employee	21,266	24,291	28,117
Payroll per administrative employee	28,379	38,674	64,656
Payroll per sales employee	32,365	44,007	83,642
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 18,001	$ 21,048	$ 24,855
Payroll per factory employee	17,248	20,161	22,450
Payroll per administrative employee	16,070	16,077	19,633
Payroll per sales employee	26,854	35,031	62,608
EXECUTIVE PAYROLL			
Payroll per executive - All executives	38,263	44,837	65,381
Payroll per factory executive	30,860	31,694	36,433
Payroll per administrative executive	45,328	65,687	107,581
Payroll per sales executive	36,081	52,000	130,000
RECEIVABLES			
Collection period	66.8	60.2	67.6
PROFIT			
Gross profit percentage of sales	18.93%	17.56%	24.90%
Average gross profit per factory employee	$ 15,577	$ 22,966	$ 34,251
Income before taxes percentage of sales	3.20%	5.24%	12.16%
Average income before taxes per employee	$ 2,046	$ 5,105	$ 13,032

** Sample insufficient for Profit Leaders.

RETURN ON INVESTMENT - PER $100 OF SALES

	PRINTING AND BINDING**	PRINTING ONLY	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Current Assets:			
Cash	$ 1.54	$ 3.29	$ 2.22
Receivables	17.21	15.09	17.93
Inventories	9.62	11.07	10.57
Marketable securities	0.75	7.56	4.05
Other current assets	0.98	0.87	0.10
	30.10	37.88	34.87
Plant Investment:			
Land and building	10.59	4.09	5.98
Machinery and equipment	31.52	30.84	24.73
Other fixed assets	2.52	2.79	6.49
	44.63	37.72	37.20
Non-Current Assets	2.51	0.59	0.54
TOTAL INVESTMENT	77.24	76.19	72.61
INVESTMENT TURNOVER PER $100 OF SALES	129.47%	131.25%	137.72%
EARNINGS			
Cost of Product	$81.07	$82.44	$75.10
Selling Expenses	6.40	4.99	7.00
Administrative Expenses	8.21	5.96	5.60
	95.68	93.39	87.70
Income Before Interest, Other Income, and Taxes	4.32	6.61	12.30
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	5.59%	8.68%	16.94%

** Sample insufficient for Profit Leaders.

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	35	$ 4,871,000	$ 8,712,000	$ 418,000
TOTAL - PROFIT LEADERS*	3	9,133,000	14,486,000	1,750,000
BY SIZE OF FIRM				
ALL FIRMS				
$1,500,000-$5,000,000	12	1,608,000	3,009,000	92,000
$5,000,000-$10,000,000	10	3,705,000	7,076,000	245,000
Over $10,000,000	11	10,232,000	17,830,000	1,011,000
PROFIT LEADERS				
Over $10,000,000	2	10,995,000	18,392,000	2,228,000
BY PROCESS SPECIALTY				
ALL FIRMS				
Sheet-Fed Offset	21	4,189,000	7,393,000	357,000
Web-Fed Offset	3	4,733,000	8,509,000	520,000
Combination--Sheet-Fed/Web-Fed Offset	11	6,212,000	11,285,000	507,000
PROFIT LEADERS				
Combination--Sheet-Fed/Web-Fed Offset	2	10,716,000	14,458,000	1,726,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Printing and Binding	30	4,719,000	8,559,000	342,000
Printing Only	5	5,788,000	9,632,000	874,000
PROFIT LEADERS				
Printing Only	2	10,995,000	18,392,000	2,228,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in these books, these figures are arithmetic averages. See explanatory note on page 42.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services

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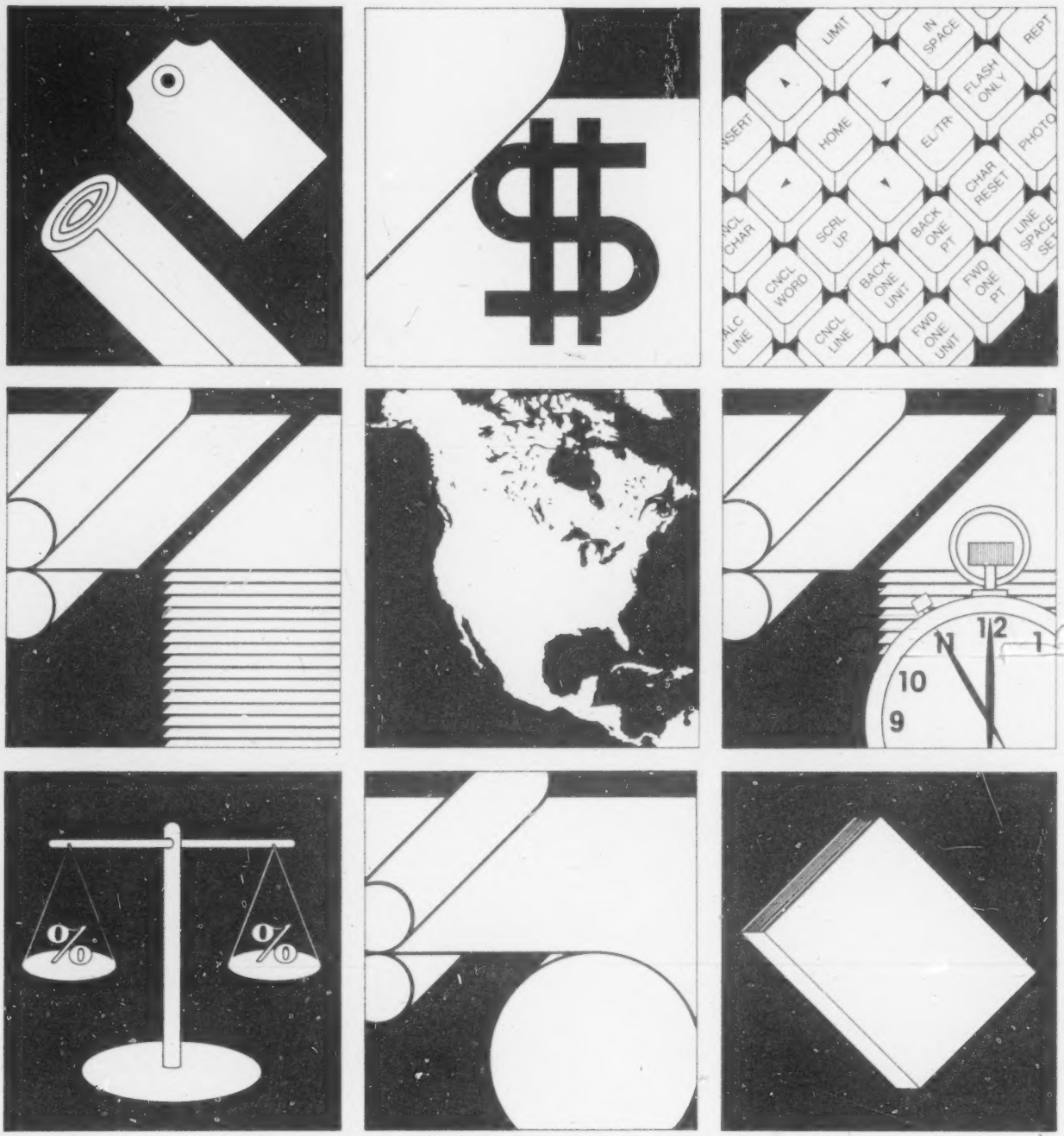
Printing Industries of America, Inc.

1984 Financial Ratios



Volume X
Large Printers' Ratios

ABOUT PIA . . .

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial service package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Microcomputer Seminars

For further information, contact:

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PIA's Education and Publication Group is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980s (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981-82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation
- 1984 Executive Compensation Report

These books are available through PIA Affiliated Associations' Graphic Arts Bookstores. For further information, contact:

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61ST annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1984 FINANCIAL RATIOS

LARGE PRINTING FIRMS

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PRINTING INDUSTRIES OF AMERICA, INC.

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PRINTING INDUSTRIES OF AMERICA, INC.

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Dear Colleague:

1984 is the 61st year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the U.S. and Canadian graphic arts industries. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the U.S. and Canadian printing industry, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1984 PIA FINANCIAL RATIOS FOR LARGE PRINTERS. This Ratio Study was developed on the basis of questionnaires volunteered by 140 firms and presents the ratios and statistics of Large Printers (annual sales volume of $10,000,000 or more) by sales volume and product.

Thus the user of the report can direct himself to the standards for his sales volume — for example, sales from $10 to $20 million, $20 to $40 million, etc.; and product specialty — for example, Commercial and Advertising, Magazine and Periodical, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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Printing Industries of America, Inc. recognizes that the industry's largest printing firms have some unique needs which are not generally being met in the industry. For this reason PIA has developed programs and services for the benefit of these companies. One of these services is this special ratio study undertaken exclusively for companies of this size. Another effort on the part of PIA to meet the needs of large firms is the Conference Board of Major Printers. Listed below is information regarding this PIA special section.

- CBMP is the only organization dedicated to the needs of the large printers.
- Membership is limited to Chief Executive Officers of selected printing companies.
- CBMP pursues specific projects of special interest to large printers, via special presentations at the Quarterly Meetings, and via monthly *UP-DATE SURVEYS* and *REPORTS* on current topics of interest.
- CBMP represents the interests of the major printers within PIA, by assuring that appropriate PIA programs are offered to its members.
- CBMP provides basic leadership to the printing industry as a whole.
- CBMP studies the impact of government regulations and legislation on the large printing organizations.
- CBMP studies the impact on large printers of suppliers of equipment and materials.
- CBMP strives toward better understanding of customer needs through its own special studies.
- CBMP is comprised of over 50 member companies who produce every type of printed product.
- CBMP is dedicated to provide guidance in the area of quality control, materials management, and other management disciplines for the large printer.

Laura M. Yoder, Associate Director
Conference-Board of Major Printers
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VALUE ADDED DEFINED

Value added is simply your sales less material costs, which include paper, other chargeable materials and outside services. Value added is, therefore, that component of a sale attributable to your own manufacture. It is calculated as follows:

Sales		$100.00
Less Materials:		
Paper	$ 23.03	
Other chargeable materials	5.38	
Outside services	8.03	36.44
Value Added		$ 63.56

Other chargeable materials include ink, film, plates, etc., but not general supplies, such as repair or maintenance parts. Outside services are purchases of job-related services -- composition, offset preparation, printing, bindery, etc.

KNOWN BY OTHER TERMS

Value added is also known by such other terms as inside sales, conversion value, inside manufacturing value and real contribution to overhead and profit. Whatever the term, the concept of value added is of prime importance to the profitability of your operations.

CONCEPTUAL UNDERSTANDING OF VALUE ADDED

Once you observe that value added is the residual of sales less material costs, you realize that this value provided by your own manufacture is all you have available to pay your remaining expenses. These are:

- Factory labor
- Other factory expenses
- Administrative expenses
- Selling expenses
- Interest

Then, what is left is a profit. This is different from the basic "cost sheet concept" that we are accustomed to in the printing industry.

Since, generally, within a relevant range of operations, these expenses behave as fixed costs, the "overhead" represented by these expenses will remain practically constant. Therefore, you want to maximize your value added.

Let us illustrate this with the following example, in which we are increasing the value added derived from $1,000,000 of sales from $635,600 to $675,000 to see the effect on operating income. We will assume that "overhead" (factory labor; other factory, administrative, selling and interest expenses) will remain the same.

The assumption that these expenses will not increase is being taken with some license; actually they would increase, but very little. We are taking this liberty to prove the point that, within this relevant range, these expenses behave in a fixed manner. This helps to understand the effect of value added on profit.

	Original	After Increase in Value Added
SALES	$1,000,000	
Material Costs	364,400	
VALUE ADDED	635,600	$675,000
"Overhead"	591,000	591,000
Operating Income	$ 44,600	$ 84,000

STATEMENT OF OPERATIONS -- VALUE ADDED: THE BETTER STATEMENT

By eliminating the distortion that material costs introduce into the conventional operating statement, value added gives you a truer picture of your operations.

For example, if we were comparing the statement of operations of a short-run, sheet-fed company with that of a web-offset firm, and our comparison was related to percentages based on sales, we could have significant differences in ratios. The reason: the significant differences in material costs. It would appear that the web-offset operation had a lower factory labor cost because a substantial amount of the sale was materials. But, in truth, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

Almost every company's product mix is different and, by using statements of operations based on value added, this product mix difference is eliminated. In conclusion, the Statement of Operations -- Value Added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	45.74	42.31	45.13	42.68
FACTORY EXPENSES	20.29	19.14	19.55	17.69
TOTAL FACTORY COST OF PRODUCT	66.03	61.45	64.68	60.37
GROSS PROFIT	33.97	38.55	35.32	39.63
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.39	9.29	11.39	10.20
Selling expenses	11.80	10.13	13.64	11.99
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	22.19	19.42	25.03	22.19
INCOME BEFORE INTEREST EXPENSE	11.78	19.13	10.29	17.44
Interest expense	2.67	1.82	3.05	1.63
OPERATING INCOME	9.11	17.31	7.24	15.81
Other income	1.00	1.53	0.90	1.51
INCOME BEFORE INCOME TAXES	10.11	18.84	8.14	17.32

* See page 10 for the definition of "Profit Leaders."
** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES OVER $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
47.26	41.72	44.63	42.56	41.23
21.00	20.06	21.90	23.08	27.55
68.26	61.78	66.53	65.64	68.78
31.74	38.22	33.47	34.36	31.22
9.31	8.89	7.67	6.55	11.51
9.37	9.28	10.88	6.09	4.16
18.68	18.17	18.55	12.64	15.67
13.06	20.05	14.92	21.72	15.55
1.94	1.86	3.36	3.11	2.72
11.12	18.19	11.56	18.61	12.83
1.11	1.60	1.29	0.92	0.26
12.23	19.79	12.85	19.53	13.09

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.84%	2.70%	2.97%	3.13%
Direct wages	28.89	26.82	29.01	27.81
General factory salaries and wages	4.67	4.26	4.05	3.82
Packing, shipping and delivery wages	1.50	1.23	1.56	1.01
Payroll taxes	2.74	2.56	2.77	2.56
Employee benefits	5.10	4.74	4.77	4.35
TOTAL FACTORY PAYROLL	45.74	42.31	45.13	42.68
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.51	0.48	0.50	0.43
Depreciation - other	4.95	4.61	4.90	4.04
Taxes - real estate	0.41	0.46	0.40	0.49
Taxes - other	0.32	0.22	0.39	0.29
Insurance	0.34	0.37	0.42	0.45
Building rent	0.92	0.80	1.19	1.05
Utilities - heat, light, etc.	2.59	2.53	2.34	2.17
Equipment rental	0.58	0.49	0.60	0.48
Total Fixed Expenses	10.62	9.96	10.74	9.40
Other Expenses				
Factory supplies and expense	4.15	4.02	3.41	3.21
Packing, shipping and delivery expense	1.67	1.63	1.68	1.54
Repairs and maintenance	2.60	2.43	2.55	2.59
Other factory expenses	1.25	1.10	1.17	0.95
Total Other Expenses	9.67	9.18	8.81	8.29
TOTAL FACTORY EXPENSES	20.29	19.14	19.55	17.69
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.18	2.24	2.47	2.64
Salaries - office	2.63	2.19	2.98	2.53
Payroll taxes	0.28	0.24	0.32	0.25
Employee benefits	0.72	0.73	0.71	0.68
Bad debts	0.75	0.47	0.89	0.42
Office supplies and expenses	0.49	0.50	0.52	0.49
Professional fees	0.63	0.62	0.66	0.69
Taxes - business	0.14	0.18	0.13	0.08
Telephone	0.50	0.43	0.59	0.53
Other administrative expenses	2.07	1.69	2.12	1.89
TOTAL ADMINISTRATIVE EXPENSES	10.39	9.29	11.39	10.20
SELLING EXPENSES				
Salaries - executive	1.24	1.20	1.40	1.71
Salaries and commissions - salesmen	5.35	4.38	6.42	4.75
Salaries - sales office clerical	1.41	1.30	1.59	1.79
Payroll taxes	0.35	0.28	0.40	0.34
Employee benefits	0.60	0.52	0.62	0.67
Advertising	0.36	0.22	0.44	0.26
Travel and entertainment	1.05	0.77	1.24	0.91
Other selling expenses	1.44	1.46	1.53	1.56
TOTAL SELLING EXPENSES	11.80	10.13	13.64	11.99

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES OVER $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
2.81%	2.66%	2.46%	1.65%	1.38%
29.39	25.73	27.57	28.91	18.41
5.27	4.41	5.61	2.55	10.67
1.39	1.50	1.67	1.37	0.91
2.78	2.50	2.61	2.73	1.50
5.62	4.92	4.71	5.35	8.36
47.26	41.72	44.63	42.56	41.23
0.53	0.45	0.49	0.96	0.76
4.83	4.89	5.34	5.66	6.31
0.41	0.42	0.49	0.51	0.41
0.28	0.20	0.16	0.05	0.07
0.24	0.33	0.22	0.31	0.23
0.59	0.68	0.46	0.35	0.85
2.84	2.59	3.09	4.02	3.26
0.55	0.34	0.68	1.73	0.29
10.27	9.90	10.93	13.59	12.18
5.12	4.72	4.45	4.26	7.09
1.53	1.66	2.13	1.52	2.98
2.56	2.15	3.18	3.27	3.40
1.52	1.63	1.21	0.44	1.90
10.73	10.16	10.97	9.49	15.37
21.00	20.06	21.90	23.08	27.55
1.90	2.10	1.52	1.15	1.27
2.13	1.86	1.67	1.53	3.97
0.24	0.23	0.23	0.25	0.12
0.72	0.77	0.63	0.55	1.22
0.61	0.48	0.49	0.73	0.29
0.46	0.55	0.43	0.34	0.52
0.60	0.57	0.61	0.67	0.61
0.18	0.29	0.14	0.28	0.01
0.39	0.35	0.33	0.23	0.72
2.08	1.69	1.62	0.82	2.78
9.31	8.89	7.67	6.55	11.51
1.02	0.89	1.21	0.47	0.28
3.86	4.22	4.89	3.46	1.83
1.29	1.03	0.92	0.55	0.29
0.29	0.25	0.30	0.10	0.08
0.60	0.45	0.57	0.25	0.27
0.22	0.17	0.47	0.30	0.10
0.75	0.66	1.06	0.60	0.69
1.34	1.61	1.46	0.36	0.62
9.37	9.28	10.88	6.09	4.16

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	27.09	23.43	26.04	23.50
Other chargeable materials	7.34	7.71	6.26	5.93
Outside services	6.12	6.00	7.48	7.42
TOTAL MATERIALS	40.55	37.14	39.78	36.85
FACTORY PAYROLL	27.25	26.75	27.16	26.92
FACTORY EXPENSES	11.91	11.99	11.60	11.06
TOTAL FACTORY COST OF PRODUCT	79.71	75.88	78.54	74.83
GROSS PROFIT	20.29	24.12	21.46	25.17
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	6.22	5.89	6.91	6.57
Selling expenses	7.11	6.43	8.33	7.71
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	13.33	12.32	15.24	14.28
INCOME BEFORE INTEREST EXPENSE	6.96	11.80	6.22	10.89
Interest expense	1.52	1.11	1.79	1.03
OPERATING INCOME	5.44	10.69	4.43	9.86
Other income	0.58	0.94	0.53	0.96
INCOME BEFORE INCOME TAXES	6.02	11.63	4.96	10.82

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	3.87%	4.10%	2.73%	2.61%
Film	0.97	0.88	1.03	1.08
Plates	1.08	1.03	1.14	1.03
Other chargeable materials	1.42	1.70	1.36	1.21
TOTAL OTHER CHARGEABLE MATERIALS	7.34	7.71	6.26	5.93
OUTSIDE SERVICES				
Composition	0.34	0.22	0.53	0.35
Offset preparation	1.23	0.97	1.57	1.41
Printing	1.15	1.40	1.30	1.23
Binding	1.93	1.25	2.40	0.71
Other outside services	1.47	2.16	1.68	3.72
TOTAL OUTSIDE SERVICES	6.12	6.00	7.48	7.42

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES OVER $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%
26.99	23.03	32.24	18.38	38.16
8.76	8.79	8.76	12.14	9.58
4.02	4.81	5.67	3.75	1.29
39.77	36.63	46.67	34.27	49.03
28.54	26.85	24.04	27.84	21.56
12.56	12.61	11.58	15.38	13.46
80.87	76.09	82.29	77.49	84.05
19.13	23.91	17.71	22.51	15.95
5.62	5.59	4.01	4.40	5.66
5.72	5.90	5.45	3.88	2.35
11.34	11.49	9.46	8.28	8.01
7.79	12.42	8.25	14.23	7.94
1.06	1.07	1.77	2.14	1.31
6.73	11.35	6.48	12.09	6.63
0.65	0.98	0.63	0.57	0.27
7.38	12.33	7.11	12.66	6.90
4.84%	4.25%	6.79%	10.38%	9.12%
1.06	0.91	0.40	0.10	0.00
1.04	1.00	0.89	1.47	0.46
1.82	2.63	0.68	0.19	0.00
8.76	8.79	8.76	12.14	9.58
0.11	0.14	0.14	0.06	0.08
0.70	0.69	1.28	0.39	0.42
0.86	1.36	1.24	1.29	0.56
1.26	1.47	1.45	1.04	0.10
1.09	1.15	1.56	0.97	0.13
4.02	4.81	5.67	3.75	1.29

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.70%	1.74%	1.80%	2.01%
Direct wages	17.22	16.88	17.46	17.37
General factory salaries and wages	2.76	2.72	2.43	2.46
Packing, shipping and delivery wages	0.86	0.76	0.92	0.65
Payroll taxes	1.65	1.64	1.67	1.63
Employee benefits	3.06	3.01	2.88	2.80
TOTAL FACTORY PAYROLL	27.25	26.75	27.16	26.92
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.30	0.30	0.30	0.28
Depreciation - other	2.88	2.86	2.85	2.49
Taxes - real estate	0.23	0.28	0.23	0.30
Taxes - other	0.19	0.14	0.24	0.20
Insurance	0.20	0.24	0.25	0.29
Building rent	0.54	0.50	0.70	0.63
Utilities - heat, light, etc.	1.52	1.57	1.39	1.34
Equipment rental	0.35	0.32	0.36	0.32
Total Fixed Expenses	6.21	6.21	6.32	5.85
Other Expenses				
Factory supplies and expense	2.48	2.53	2.10	2.10
Packing, shipping and delivery expense	0.96	1.04	0.96	0.90
Repairs and maintenance	1.52	1.53	1.52	1.63
Other factory expenses	0.74	0.68	0.70	0.58
Total Other Expenses	5.70	5.78	5.28	5.21
TOTAL FACTORY EXPENSES	11.91	11.99	11.60	11.06
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.31	1.41	1.50	1.70
Salaries - office	1.58	1.39	1.81	1.62
Payroll taxes	0.17	0.15	0.20	0.16
Employee benefits	0.43	0.47	0.43	0.45
Bad debts	0.43	0.30	0.51	0.28
Office supplies and expenses	0.29	0.31	0.31	0.30
Professional fees	0.38	0.40	0.41	0.46
Taxes - business	0.09	0.12	0.08	0.05
Telephone	0.30	0.27	0.36	0.32
Other administrative expenses	1.24	1.07	1.30	1.23
TOTAL ADMINISTRATIVE EXPENSES	6.22	5.89	6.91	6.57
SELLING EXPENSES				
Salaries - executive	0.74	0.79	0.86	1.14
Salaries and commissions - salesmen	3.19	2.66	3.84	2.96
Salaries - sales office clerical	0.87	0.85	1.00	1.17
Payroll taxes	0.21	0.18	0.25	0.22
Employee benefits	0.37	0.35	0.39	0.46
Advertising	0.22	0.15	0.28	0.18
Travel and entertainment	0.62	0.49	0.75	0.57
Other selling expenses	0.89	0.96	0.96	1.01
TOTAL SELLING EXPENSES	7.11	6.43	8.33	7.71

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES OVER $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
1.69%	1.73%	1.21%	1.03%	0.66%
17.73	16.59	15.27	18.95	9.49
3.18	2.86	2.75	1.59	5.95
0.82	0.90	0.78	0.93	0.36
1.70	1.65	1.41	1.77	0.92
3.42	3.12	2.62	3.57	4.18
28.54	26.85	24.04	27.84	21.56
0.31	0.28	0.28	0.61	0.35
2.87	3.05	2.85	3.78	3.06
0.24	0.26	0.27	0.33	0.19
0.16	0.12	0.07	0.03	0.04
0.14	0.20	0.12	0.21	0.11
0.37	0.47	0.20	0.20	0.37
1.70	1.62	1.74	2.70	1.64
0.32	0.22	0.46	1.23	0.15
6.11	6.22	5.99	9.09	5.91
3.10	2.93	2.37	2.84	3.27
0.94	1.14	0.97	0.95	1.65
1.52	1.36	1.65	2.23	1.69
0.89	0.96	0.60	0.27	0.94
6.45	6.39	5.59	6.29	7.55
12.56	12.61	11.58	15.38	13.46
1.14	1.28	0.79	0.76	0.72
1.29	1.20	0.89	1.03	1.91
0.15	0.14	0.12	0.17	0.08
0.45	0.50	0.33	0.37	0.54
0.34	0.29	0.29	0.52	0.17
0.28	0.35	0.21	0.23	0.24
0.36	0.36	0.31	0.45	0.28
0.12	0.20	0.07	0.16	0.01
0.24	0.24	0.18	0.16	0.37
1.25	1.03	0.82	0.55	1.34
5.62	5.59	4.01	4.40	5.66
0.62	0.58	0.56	0.30	0.16
2.31	2.59	2.54	2.16	1.06
0.79	0.67	0.46	0.35	0.17
0.18	0.17	0.14	0.06	0.05
0.37	0.29	0.27	0.15	0.14
0.14	0.11	0.25	0.21	0.05
0.46	0.42	0.54	0.41	0.37
0.85	1.07	0.69	0.24	0.35
5.72	5.90	5.45	3.88	2.35

BALANCE SHEET

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	3.69%	7.74%	3.70%	11.51%
Receivables	30.72	29.01	31.59	29.26
Inventories	15.97	12.24	17.16	14.90
Other current assets	4.13	6.68	3.56	5.22
TOTAL CURRENT ASSETS	54.51	55.67	56.01	60.89
FIXED ASSETS				
Real estate	13.94	11.18	13.17	9.85
Less: Accumulated depreciation	4.12	3.05	3.53	2.89
	9.82	8.13	9.64	6.96
Machinery and equipment	58.49	55.62	56.97	49.37
Less: Accumulated depreciation	29.06	26.49	29.08	24.48
	29.43	29.13	27.89	24.89
Other fixed assets	3.87	3.15	5.07	4.61
Less: Accumulated depreciation	1.97	1.40	2.61	2.07
	1.90	1.75	2.46	2.54
NET FIXED ASSETS	41.15	39.01	39.99	34.39
OTHER ASSETS	4.34	5.32	4.00	4.72
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	7.22	3.36	8.80	3.39
Accounts payable	13.41	9.86	14.24	10.52
Other current liabilities	10.02	10.78	10.00	10.83
TOTAL CURRENT LIABILITIES	30.65	24.00	33.04	24.74
LONG-TERM LIABILITIES	24.01	20.01	25.06	16.46
TOTAL LIABILITIES	54.66	44.01	58.10	41.20
SHAREHOLDERS' AND PROPRIETORS' EQUITY	45.34	55.99	41.90	58.80
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.78	2.32	1.70	2.46
QUICK RATIO	1.26	1.81	1.18	1.86
TOTAL LIABILITIES TO EQUITY	1.21	0.79	1.39	0.70
LONG-TERM LIABILITIES TO EQUITY	0.53	0.36	0.60	0.28
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.50	0.48	0.51	0.50

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES OVER $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
4.24%	5.35%	1.64%	4.58%	2.16%
29.66	29.81	29.72	22.93	31.47
14.82	10.21	12.77	7.69	10.74
5.06	7.83	3.58	7.11	4.77
53.78	53.20	47.71	42.31	49.14
15.22	11.51	14.06	16.56	16.56
5.28	3.25	3.18	2.28	5.64
9.94	8.26	10.88	14.28	10.92
60.92	59.80	56.04	60.39	73.99
30.03	28.20	22.89	21.75	35.73
30.89	31.60	33.15	38.64	38.26
2.07	1.75	3.58	4.22	1.15
1.03	0.78	1.76	2.02	0.54
1.04	0.97	1.82	2.20	0.61
41.87	40.83	45.85	55.12	49.79
4.35	5.97	6.44	2.57	1.07
100.00	100.00	100.00	100.00	100.00
5.11	3.43	6.56	3.56	1.36
12.22	9.45	13.42	9.74	10.60
10.59	10.65	7.39	10.31	8.49
27.92	23.53	27.37	23.61	20.45
20.53	22.05	32.50	30.09	32.94
48.45	45.58	59.87	53.70	53.39
51.55	54.42	40.13	46.30	46.61
100.00	100.00	100.00	100.00	100.00
1.93	2.26	1.74	1.79	2.40
1.40	1.83	1.28	1.47	1.88
0.94	0.84	1.49	1.16	1.15
0.40	0.41	0.81	0.65	0.71
0.49	0.47	0.41	0.36	0.48

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 50,427	$ 57,611	$ 45,411	$ 48,828
Average assets per factory employee (Excluding Executives)	64,600	71,689	60,049	63,020
Average net worth per employee - All employees	21,984	30,159	18,552	27,877
Average gross plant investment per factory employee (Excluding Executives)	47,752	50,658	44,025	40,960
Net worth percentage of fixed assets	132.49%	185.18%	121.55%	211.43%
EMPLOYEES				
Percent factory - All employees	82.58%	84.57%	80.61%	82.18%
Percent administrative - All employees	8.35	7.43	9.15	7.98
Percent sales - All employees	9.07	8.00	10.24	9.84
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 88,516	$ 93,696	$ 82,415	$ 82,608
Sales per factory employee	108,648	112,066	103,851	101,446
Sales less material per factory employee	62,306	66,921	60,996	63,384
Sales per administrative employee	1,295,408	1,488,041	1,064,749	1,221,818
EXCLUDING EXECUTIVES				
Sales per employee - All employees	94,338	99,157	88,288	88,551
Sales per factory employee	114,014	117,000	109,357	106,995
Sales less material per factory employee	65,363	69,935	64,248	66,871
SALES PER SALESMAN	1,738,128	2,337,401	1,232,799	1,776,921
SALES TO CURRENT ASSETS	371%	341%	372%	311%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	36.10%	35.00%	37.44%	36.79%
Factory payroll percentage of gross plant investment	70.42	74.31	73.00	85.54
Payroll per employee - All employees	$ 30,296	$ 30,518	$ 29,743	$ 29,792
Payroll per factory employee	27,717	27,557	26,714	26,555
Payroll per administrative employee	36,314	43,041	35,691	42,694
Payroll per sales employee	52,137	56,163	53,359	54,255
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 23,666	$ 23,420	$ 23,287	$ 22,615
Payroll per factory employee	22,260	21,984	21,500	21,225
Payroll per administrative employee	18,838	20,389	18,651	20,147
Payroll per sales employee	42,464	43,278	44,263	41,183
EXECUTIVE PAYROLL				
Payroll per executive - All executives	59,342	68,875	58,364	69,218
Payroll per factory executive	40,345	44,814	40,426	45,556
Payroll per administrative executive	80,471	95,526	75,308	88,362
Payroll per sales executive	71,246	80,697	70,342	75,279
RECEIVABLES				
Collection period	63.7	61.9	63.9	59.8
PROFIT				
Gross profit percentage of sales	20.29%	24.12%	21.46%	25.17%
Average gross profit per factory employee	$ 23,077	$ 27,605	$ 23,736	$ 27,183
Income before taxes percentage of sales	6.02%	11.63%	4.96%	10.82%
Average income before taxes per employee	$ 5,469	$ 10,723	$ 4,220	$ 9,148

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES OVER $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 53,023	$ 61,706	$ 69,699	$ 72,128	$ 59,537
65,498	76,196	88,403	83,617	70,757
25,273	30,187	26,788	31,441	27,294
49,084	55,660	63,780	67,834	64,223
157.51%	175.25%	99.47%	105.65%	94.20%
85.30%	85.96%	83.68%	88.47%	87.78%
7.33	7.04	6.72	6.38	9.56
7.37	7.00	9.60	5.15	2.66
$ 90,054	$ 98,046	$ 111,937	$ 94,202	$ 109,466
106,741	116,266	137,447	106,827	125,193
62,107	68,398	69,831	69,381	61,036
1,492,365	1,596,635	2,074,183	2,171,993	1,180,295
95,579	103,694	119,359	97,193	113,897
111,516	121,349	145,114	109,366	129,853
64,871	71,420	73,227	70,943	63,058
2,130,577	2,228,562	2,837,985	5,632,245	6,117,711
372%	364%	353%	341%	379%
35.86%	34.27%	30.16%	33.19%	26.39%
71.57	69.44	51.86	48.75	43.96
$ 30,493	$ 30,271	$ 32,652	$ 31,079	$ 27,181
28,535	27,440	30,695	29,273	25,192
36,555	42,970	37,329	39,591	38,673
49,029	54,397	53,667	65,258	50,779
$ 23,667	$ 23,335	$ 25,867	$ 24,091	$ 20,134
22,799	21,867	24,968	22,996	18,889
18,857	19,658	17,259	18,936	25,435
37,907	39,984	46,228	60,773	40,911
59,150	66,229	65,409	71,321	47,503
39,435	40,409	42,545	60,939	33,286
82,873	100,367	100,813	97,469	95,758
68,144	81,173	84,934	101,889	96,214
62.6	64.3	68.9	64.7	62.6
19.13%	23.91%	17.71%	22.51%	15.95%
$ 21,221	$ 27,974	$ 25,190	$ 24,408	$ 19,682
7.38%	12.33%	7.11%	12.66%	6.90%
$ 6,583	$ 11,379	$ 7,548	$ 11,773	$ 7,043

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 2.43	$ 5.08	$ 2.51	$ 7.65
Receivables	16.87	16.46	16.93	15.92
Inventories	8.21	7.02	8.21	8.26
Marketable securities	1.29	2.99	0.82	2.04
Other current assets	1.30	1.50	1.30	1.54
	30.10	33.05	29.77	35.41
Plant Investment:				
Land and building	8.23	7.18	7.72	5.57
Machinery and equipment	32.86	34.76	30.94	29.25
Other fixed assets	2.09	1.94	2.68	2.74
	43.18	43.88	41.34	37.56
Non-Current Assets	2.71	3.62	2.29	2.48
TOTAL INVESTMENT	75.99	80.55	73.40	75.45
INVESTMENT TURNOVER PER $100 OF SALES	131.60%	124.15%	136.24%	132.54%
EARNINGS				
Cost of Product	$79.71	$75.88	$78.54	$74.83
Selling Expenses	7.11	6.43	8.33	7.71
Administrative Expenses	6.22	5.89	6.91	6.57
	93.04	88.20	93.78	89.11
Income Before Interest, Other Income, and Taxes	6.96	11.80	6.22	10.89
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	9.16%	14.65%	8.47%	14.43%

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES OVER $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 2.67	$ 3.37	$ 1.13	$ 3.40	$ 1.20
16.54	17.15	18.49	17.00	16.92
8.38	6.04	7.81	5.62	5.82
2.10	3.87	1.11	3.70	2.13
1.33	1.49	1.01	0.81	0.32
31.02	31.92	29.55	30.53	26.39
8.88	7.84	9.46	13.52	8.89
35.09	38.13	36.43	47.93	39.75
1.11	1.04	2.52	3.70	0.65
45.08	47.01	48.41	65.15	49.29
3.14	1.91	3.88	1.73	0.59
79.24	83.84	81.84	97.41	76.27
126.20%	119.27%	122.19%	102.66%	131.11%
$80.87	$76.09	$82.29	$77.49	$84.05
5.72	5.90	5.45	3.88	2.35
5.62	5.59	4.01	4.40	5.66
92.21	87.58	91.75	85.77	92.06
7.79	12.42	8.25	14.23	7.94
9.83%	14.81%	10.08%	14.61%	10.41%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	44.40	42.04	49.95	43.13
FACTORY EXPENSES	19.65	18.05	22.32	22.55
TOTAL FACTORY COST OF PRODUCT	64.05	60.09	72.27	65.68
GROSS PROFIT	35.95	39.91	27.73	34.32
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.85	9.37	8.39	8.00
Selling expenses	13.51	11.11	7.14	5.40
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	24.36	20.48	15.53	13.40
INCOME BEFORE INTEREST EXPENSE	11.59	19.43	12.20	20.92
Interest expense	2.98	1.51	2.07	2.41
OPERATING INCOME	8.61	17.92	10.13	18.51
Other income	0.70	1.30	1.46	1.62
INCOME BEFORE INCOME TAXES	9.31	19.22	11.59	20.13

** Sample insufficient for Profit Leaders.
**** All firms are Profit Leaders.

NEWSPAPER**	FINANCIAL	DIRECT MAIL-CATALOG**	BOOK		DIRECTORY**	PACKAGING**
ALL FIRMS	ALL FIRMS****	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
X	X	X	X	X	X	X
X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
45.26	39.65	41.27	46.88	46.11	40.42	46.99
25.27	13.19	19.56	18.66	18.90	21.20	20.49
70.53	52.84	60.83	65.54	65.01	61.62	67.48
29.47	47.16	39.17	34.46	34.99	38.38	32.52
8.98	13.55	6.70	11.69	8.98	14.83	9.03
3.26	14.87	14.47	11.61	12.15	6.47	13.46
12.24	28.42	21.17	23.30	21.13	21.30	22.49
17.23	18.74	18.00	11.16	13.86	17.08	10.03
5.31	2.32	4.18	1.65	1.15	5.34	1.13
11.92	16.42	13.82	9.51	12.71	11.74	8.90
0.59	0.38	0.11	1.94	2.50	2.69	1.68
12.51	16.80	13.93	11.45	15.21	14.43	10.58

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.63%	2.74%	2.97%	2.41%
Direct wages	28.66	27.59	30.75	25.89
General factory salaries and wages	4.26	3.56	6.01	5.52
Packing, shipping and delivery wages	1.61	1.43	1.07	0.83
Payroll taxes	2.61	2.51	3.04	2.71
Employee benefits	4.63	4.21	6.11	5.77
TOTAL FACTORY PAYROLL	44.40	42.04	49.95	43.13
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.49	0.44	0.57	0.45
Depreciation - other	5.09	4.54	5.40	5.88
Taxes - real estate	0.43	0.47	0.31	0.23
Taxes - other	0.32	0.16	0.30	0.21
Insurance	0.37	0.43	0.23	0.35
Building rent	1.17	1.12	0.50	0.37
Utilities - heat, light, etc.	2.36	2.32	3.29	3.13
Equipment rental	0.60	0.28	0.73	0.74
Total Fixed Expenses	10.83	9.76	11.33	11.36
Other Expenses				
Factory supplies and expense	3.58	3.49	5.52	5.56
Packing, shipping and delivery expense	1.58	1.37	1.71	2.15
Repairs and maintenance	2.45	2.54	2.70	2.45
Other factory expenses	1.21	0.89	1.06	1.03
Total Other Expenses	8.82	8.29	10.99	11.19
TOTAL FACTORY EXPENSES	19.65	18.05	22.32	22.55
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.23	2.07	1.80	1.92
Salaries - office	2.86	2.32	2.04	2.03
Payroll taxes	0.30	0.24	0.24	0.23
Employee benefits	0.72	0.73	0.70	0.82
Bad debts	0.72	0.37	0.78	0.53
Office supplies and expenses	0.52	0.49	0.45	0.60
Professional fees	0.64	0.67	0.55	0.44
Taxes - business	0.12	0.14	0.10	0.24
Telephone	0.55	0.42	0.38	0.40
Other administrative expenses	2.19	1.92	1.35	0.79
TOTAL ADMINISTRATIVE EXPENSES	10.85	9.37	8.39	8.00
SELLING EXPENSES				
Salaries - executive	1.19	0.83	1.03	1.08
Salaries and commissions - salesmen	6.84	5.61	2.42	1.33
Salaries - sales office clerical	1.32	1.32	1.07	0.75
Payroll taxes	0.38	0.32	0.24	0.13
Employee benefits	0.55	0.46	0.57	0.36
Advertising	0.41	0.23	0.28	0.14
Travel and entertainment	1.18	0.73	0.68	0.63
Other selling expenses	1.64	1.61	0.85	0.98
TOTAL SELLING EXPENSES	13.51	11.11	7.14	5.40

** Sample insufficient for Profit Leaders.
**** All firms are Profit Leaders.

NEWSPAPER**	FINANCIAL	DIRECT MAIL-CATALOG**	BOOK		DIRECTORY**	PACKAGING**
ALL FIRMS	ALL FIRMS****	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
2.66%	1.54%	2.53%	4.42%	4.21%	0.83%	2.73%
29.39	23.91	28.94	27.35	27.14	26.91	30.79
3.71	4.61	1.90	5.30	5.75	3.42	2.89
2.95	1.21	1.48	1.12	1.08	2.47	1.21
2.59	2.82	2.40	3.24	3.07	3.05	2.15
3.96	5.56	4.02	5.45	4.86	3.74	7.22
45.26	39.65	41.27	46.88	46.11	40.42	46.99
0.43	0.77	0.33	0.62	0.68	0.90	0.37
6.86	1.28	4.81	3.73	3.65	5.15	2.75
0.20	0.11	0.32	0.51	0.65	0.44	1.02
0.26	0.27	0.00	0.40	0.48	0.73	0.25
0.24	0.28	0.32	0.49	0.24	0.34	0.20
0.62	0.39	1.52	0.17	(0.09)	0.29	1.27
2.57	1.20	3.79	2.78	3.19	2.00	1.93
0.18	1.24	0.36	0.47	0.77	0.33	0.06
11.36	5.54	11.45	9.17	9.57	10.18	7.85
4.61	2.26	4.25	4.32	4.35	5.61	3.09
1.99	3.61	0.04	1.13	0.61	0.78	1.41
6.38	1.06	3.24	2.63	2.71	3.03	3.10
0.93	0.72	0.58	1.41	1.66	1.60	5.04
13.91	7.65	8.11	9.49	9.33	11.02	12.64
25.27	13.19	19.56	18.66	18.90	21.20	20.49
1.72	2.98	1.40	2.55	2.58	4.68	1.46
1.67	1.54	0.61	3.35	2.10	2.79	2.81
0.21	0.17	0.10	0.39	0.28	0.28	0.25
0.52	0.74	0.36	0.98	0.51	0.76	0.53
0.50	1.19	1.16	0.49	0.58	2.74	0.13
0.88	0.62	0.07	0.45	0.40	0.49	0.24
1.33	1.34	0.27	0.64	0.61	0.53	0.31
0.28	0.33	0.00	0.52	0.26	0.05	0.00
0.41	0.92	0.15	0.47	0.43	0.46	0.49
1.46	3.72	2.58	1.85	1.23	2.05	2.81
8.98	13.55	6.70	11.69	8.98	14.83	9.03
0.14	3.58	1.56	1.35	1.56	0.55	2.12
1.81	3.93	7.09	3.96	4.38	2.50	4.60
0.06	1.49	2.45	2.26	2.29	0.71	1.56
0.07	0.30	0.48	0.41	0.39	0.12	0.38
0.20	1.62	0.41	0.79	0.67	0.20	0.73
0.15	0.60	0.31	0.15	0.10	0.31	0.79
0.60	0.93	1.16	1.28	1.52	0.47	1.68
0.23	2.42	1.01	1.41	1.24	1.61	1.60
3.26	14.87	14.47	11.61	12.15	6.47	13.46

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	26.71	23.79	28.16	22.88
Other chargeable materials	7.25	7.73	7.54	8.43
Outside services	7.40	6.72	3.22	3.91
TOTAL MATERIALS	41.36	38.24	38.92	35.22
FACTORY PAYROLL	26.03	26.17	30.34	27.83
FACTORY EXPENSES	11.32	11.10	13.64	14.72
TOTAL FACTORY COST OF PRODUCT	78.71	75.51	82.90	77.77
GROSS PROFIT	21.29	24.49	17.10	22.23
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	6.43	5.88	5.13	5.17
Selling expenses	8.12	6.97	4.36	3.55
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	14.55	12.85	9.49	8.72
INCOME BEFORE INTEREST EXPENSE	6.74	11.64	7.61	13.51
Interest expense	1.68	0.88	1.29	1.61
OPERATING INCOME	5.06	10.76	6.32	11.90
Other income	0.41	0.79	0.85	1.06
INCOME BEFORE INCOME TAXES	5.47	11.55	7.17	12.96

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	3.52%	3.80%	5.15%	6.33%
Film	0.99	0.94	0.75	0.49
Plates	1.04	0.96	1.10	1.02
Other chargeable materials	1.70	2.03	0.54	0.59
TOTAL OTHER CHARGEABLE MATERIALS	7.25	7.73	7.54	8.43
OUTSIDE SERVICES				
Composition	0.48	0.25	0.12	0.05
Offset preparation	1.68	1.34	0.80	0.66
Printing	1.45	1.62	0.67	1.17
Binding	2.43	1.83	0.45	0.37
Other outside services	1.36	1.68	1.18	1.66
TOTAL OUTSIDE SERVICES	7.40	6.72	3.22	3.91

** Sample insufficient for Profit Leaders.
*** Information not submitted.
**** All firms are Profit Leaders.

NEWSPAPER**	FINANCIAL	DIRECT MAIL-CATALOG**	BOOK		DIRECTORY**	PACKAGING**
ALL FIRMS	ALL FIRMS****	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
42.03	10.39	27.67	20.02	18.22	45.29	28.47
9.54	1.72	8.51	10.52	10.48	4.44	1.85
5.63	5.80	10.70	6.60	6.64	5.05	9.38
57.20	17.91	46.88	37.14	35.34	54.78	39.70
19.64	32.57	21.92	29.48	29.95	18.43	28.08
10.70	10.81	10.39	11.73	12.15	9.63	12.48
87.54	61.29	79.19	78.35	77.44	82.84	80.26
12.46	38.71	20.81	21.65	22.56	17.16	19.74
3.76	11.10	3.56	7.34	5.85	6.67	5.73
1.41	12.22	7.68	7.32	7.85	2.94	8.40
5.17	23.32	11.24	14.66	13.70	9.61	14.13
7.29	15.39	9.57	6.99	8.86	7.55	5.61
2.28	1.90	2.23	0.97	0.67	2.38	0.69
5.01	13.49	7.34	6.02	8.19	5.17	4.92
0.22	0.32	0.06	1.23	1.60	1.19	1.07
5.23	13.81	7.40	7.24	9.79	6.36	5.99
7.81%	0.12%	6.99%	2.45%	3.35%	2.79%	1.53%
0.19	0.26	0.47	2.43	2.09	0.52	0.00
1.18	0.24	0.52	2.14	1.84	0.81	0.32
0.36	1.10	0.53	3.50	3.20	0.32	0.00
9.54	1.72	8.51	10.52	10.48	4.44	1.85
	1.80	0.00	0.17	0.03	0.08	0.05
	0.00	0.00	0.09	0.00	0.46	0.92
	1.93	0.00	0.38	0.18	1.96	2.90
	1.35	10.70	2.01	0.27	2.00	0.14
	0.72	0.00	3.95	6.16	0.55	5.37
***	5.80	10.70	6.60	6.64	5.05	9.38

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.57%	1.81%	1.78%	1.48%
Direct wages	16.86	17.09	18.67	16.78
General factory salaries and wages	2.45	2.18	3.63	3.59
Packing, shipping and delivery wages	0.92	0.87	0.64	0.53
Payroll taxes	1.54	1.58	1.87	1.76
Employee benefits	2.69	2.64	3.75	3.69
TOTAL FACTORY PAYROLL	26.03	26.17	30.34	27.83
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.28	0.27	0.35	0.29
Depreciation - other	2.89	2.77	3.29	3.81
Taxes - real estate	0.24	0.29	0.18	0.15
Taxes - other	0.19	0.10	0.18	0.14
Insurance	0.22	0.27	0.14	0.23
Building rent	0.70	0.72	0.30	0.26
Utilities - heat, light, etc.	1.36	1.40	2.02	2.05
Equipment rental	0.35	0.18	0.45	0.50
Total Fixed Expenses	6.23	6.00	6.91	7.43
Other Expenses				
Factory supplies and expense	2.07	2.13	3.45	3.62
Packing, shipping and delivery expense	0.89	0.83	1.01	1.41
Repairs and maintenance	1.43	1.60	1.63	1.58
Other factory expenses	0.70	0.54	0.64	0.68
Total Other Expenses	5.09	5.10	6.73	7.29
TOTAL FACTORY EXPENSES	11.32	11.10	13.64	14.72
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.32	1.29	1.13	1.25
Salaries - office	1.72	1.49	1.24	1.29
Payroll taxes	0.18	0.15	0.15	0.15
Employee benefits	0.42	0.46	0.44	0.54
Bad debts	0.41	0.22	0.44	0.34
Office supplies and expenses	0.30	0.30	0.27	0.37
Professional fees	0.39	0.43	0.34	0.29
Taxes - business	0.07	0.09	0.07	0.16
Telephone	0.32	0.26	0.23	0.25
Other administrative expenses	1.30	1.19	0.82	0.53
TOTAL ADMINISTRATIVE EXPENSES	6.43	5.88	5.13	5.17
SELLING EXPENSES				
Salaries - executive	0.70	0.54	0.64	0.73
Salaries and commissions - salesmen	4.06	3.41	1.47	0.85
Salaries - sales office clerical	0.83	0.86	0.63	0.47
Payroll taxes	0.23	0.21	0.15	0.08
Employee benefits	0.33	0.30	0.35	0.23
Advertising	0.25	0.16	0.17	0.10
Travel and entertainment	0.70	0.45	0.41	0.41
Other selling expenses	1.02	1.04	0.54	0.68
TOTAL SELLING EXPENSES	8.12	6.97	4.36	3.55

** Sample insufficient for Profit Leaders.
**** All firms are Profit Leaders.

NEWSPAPER**	FINANCIAL	DIRECT MAIL-CATALOG**	BOOK		DIRECTORY**	PACKAGING**
ALL FIRMS	ALL FIRMS****	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
0.94%	1.26%	1.35%	2.75%	2.72%	0.38%	1.80%
13.04	19.65	15.36	17.21	17.51	12.31	17.74
1.53	3.79	1.01	3.35	3.85	1.55	1.92
1.01	0.99	0.79	0.70	0.70	1.14	0.77
1.15	2.32	1.28	2.03	1.99	1.39	1.41
1.97	4.56	2.13	3.44	3.18	1.66	4.44
19.64	32.57	21.92	29.48	29.95	18.43	28.08
0.20	0.64	0.17	0.40	0.44	0.41	0.25
2.85	1.05	2.57	2.29	2.26	2.32	1.65
0.07	0.09	0.17	0.32	0.41	0.20	0.61
0.11	0.22	0.00	0.26	0.33	0.33	0.17
0.10	0.23	0.17	0.29	0.16	0.15	0.13
0.23	0.32	0.80	0.10	(0.06)	0.13	0.70
1.18	0.98	2.01	1.74	2.02	0.90	1.21
0.08	1.02	0.19	0.30	0.48	0.14	0.04
4.82	4.55	6.08	5.70	6.04	4.58	4.76
1.97	1.86	2.26	2.77	2.91	2.54	1.83
0.85	2.94	0.02	0.71	0.41	0.37	0.94
2.74	0.87	1.72	1.62	1.68	1.41	1.91
0.32	0.59	0.31	0.93	1.11	0.73	3.04
5.88	6.26	4.31	6.03	6.11	5.05	7.72
10.70	10.81	10.39	11.73	12.15	9.63	12.48
0.80	2.44	0.74	1.60	1.67	2.07	0.92
0.70	1.26	0.32	2.11	1.41	1.25	1.79
0.10	0.14	0.05	0.25	0.19	0.12	0.17
0.25	0.61	0.19	0.61	0.34	0.33	0.33
0.19	0.98	0.61	0.31	0.37	1.29	0.08
0.34	0.51	0.04	0.28	0.26	0.22	0.15
0.54	1.10	0.14	0.40	0.39	0.24	0.20
0.11	0.27	0.00	0.33	0.18	0.03	0.00
0.18	0.75	0.08	0.28	0.26	0.21	0.33
0.55	3.04	1.39	1.17	0.78	0.91	1.76
3.76	11.10	3.56	7.34	5.85	6.67	5.73
0.05	2.95	0.83	0.82	0.94	0.26	1.24
0.79	3.22	3.76	2.49	2.84	1.14	2.83
0.02	1.23	1.30	1.45	1.54	0.31	0.97
0.03	0.25	0.25	0.26	0.26	0.05	0.26
0.10	1.33	0.22	0.50	0.44	0.09	0.45
0.06	0.50	0.16	0.10	0.07	0.14	0.53
0.28	0.76	0.62	0.78	0.93	0.22	1.11
0.08	1.98	0.54	0.92	0.83	0.73	1.01
1.41	12.22	7.68	7.32	7.85	2.94	8.40

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	3.56%	9.58%	4.47%	9.21%
Receivables	32.05	31.47	26.87	21.45
Inventories	15.66	10.53	14.46	9.69
Other current assets	3.98	6.58	4.94	8.74
TOTAL CURRENT ASSETS	55.25	58.16	50.74	49.09
FIXED ASSETS				
Real estate	12.67	8.91	14.86	10.94
Less: Accumulated depreciation	3.54	2.66	4.75	2.22
	9.13	6.25	10.11	8.72
Machinery and equipment	56.42	56.49	69.80	65.03
Less: Accumulated depreciation	27.39	28.69	35.07	26.64
	29.03	27.80	34.73	38.39
Other fixed assets	4.51	3.53	2.64	2.23
Less: Accumulated depreciation	2.28	1.55	1.29	1.04
	2.23	1.98	1.35	1.19
NET FIXED ASSETS	40.39	36.03	46.19	48.30
OTHER ASSETS	4.36	5.81	3.07	2.61
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	8.86	2.68	3.63	5.11
Accounts payable	14.48	11.36	11.15	7.74
Other current liabilities	10.00	11.44	8.50	7.41
TOTAL CURRENT LIABILITIES	33.34	25.48	23.28	20.26
LONG-TERM LIABILITIES	23.88	15.07	24.18	29.47
TOTAL LIABILITIES	57.22	40.55	47.46	49.73
SHAREHOLDERS' AND PROPRIETORS' EQUITY	42.78	59.45	52.54	50.27
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.66	2.28	2.18	2.42
QUICK RATIO	1.19	1.87	1.56	1.94
TOTAL LIABILITIES TO EQUITY	1.34	0.68	0.90	0.99
LONG-TERM LIABILITIES TO EQUITY	0.56	0.25	0.46	0.59
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.49	0.51	0.50	0.41

** Sample insufficient for Profit Leaders.
**** All firms are Profit Leaders.

NEWSPAPER**	FINANCIAL	DIRECT MAIL-CATALOG**	BOOK		DIRECTORY**	PACKAGING**
ALL FIRMS	ALL FIRMS****	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
2.15%	3.35%	0.06%	1.11%	0.77%	1.47%	3.27%
35.42	36.34	33.71	33.53	33.48	20.62	34.79
10.06	14.74	17.92	16.01	15.44	15.12	34.05
0.52	7.99	0.27	5.49	5.90	0.73	0.46
48.15	62.42	51.96	56.14	55.59	37.94	72.57
11.03	12.35	9.45	22.67	24.37	14.86	14.65
2.68	3.21	1.52	7.07	7.43	2.77	7.90
8.35	9.14	7.93	15.60	16.94	12.09	6.75
53.52	29.67	50.03	47.62	43.76	48.87	45.89
19.95	14.83	14.35	24.38	21.87	16.84	27.98
33.57	14.84	35.68	23.24	21.89	32.03	17.91
1.40	5.55	1.27	1.79	2.47	2.10	3.38
0.69	2.57	0.67	0.85	1.00	1.08	1.76
0.71	2.98	0.60	0.94	1.47	1.02	1.62
42.63	26.96	44.21	39.78	40.30	45.14	26.28
9.22	10.62	3.83	4.08	4.11	16.92	1.15
100.00	100.00	100.00	100.00	100.00	100.00	100.00
13.17	1.29	14.89	3.57	1.71	14.21	1.70
24.94	5.41	18.92	11.60	9.89	9.01	12.09
4.00	21.82	7.85	11.68	13.43	5.61	9.91
42.11	28.52	41.66	26.85	25.03	28.83	23.70
31.77	28.27	33.59	19.88	15.18	46.65	12.93
73.88	56.79	75.25	46.73	40.21	75.48	36.63
26.12	43.21	24.75	53.27	59.79	24.52	63.37
100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.14	2.19	1.25	2.09	2.22	1.32	3.06
0.90	1.67	0.82	1.49	1.60	0.79	1.63
2.83	1.31	3.04	0.88	0.67	3.08	0.58
1.22	0.65	1.36	0.37	0.25	1.90	0.20
0.37	0.50	0.29	0.51	0.50	0.34	0.61

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 51,404	$ 57,124	$ 47,856	$ 58,579
Average assets per factory employee (Excluding Executives)	66,498	71,801	57,095	68,268
Average net worth per employee - All employees	21,415	32,671	25,034	29,285
Average gross plant investment per factory employee (Excluding Executives)	48,528	50,277	47,730	51,997
Net worth percentage of fixed assets	127.61%	218.96%	123.40%	119.59%
EMPLOYEES				
Percent factory - All employees	81.33%	83.74%	87.49%	89.82%
Percent administrative - All employees	9.02	7.78	6.80	6.43
Percent sales - All employees	9.65	8.48	5.71	3.75
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 93,371	$ 105,034	$ 78,753	$ 80,822
Sales per factory employee	115,648	126,242	90,481	90,530
Sales less material per factory employee	65,691	73,240	54,685	57,863
Sales per administrative employee	1,253,131	1,569,569	1,349,978	1,539,526
EXCLUDING EXECUTIVES				
Sales per employee - All employees	99,136	110,608	83,635	85,121
Sales per factory employee	120,964	131,530	94,553	94,242
Sales less material per factory employee	68,756	76,519	57,083	60,084
SALES PER SALESMAN	1,305,952	1,361,118	3,218,719	5,392,863
SALES TO CURRENT ASSETS	381%	356%	366%	320%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	35.82%	34.89%	36.53%	33.41%
Factory payroll percentage of gross plant investment	70.07	76.96	64.29	54.51
Payroll per employee - All employees	$ 31,656	$ 33,068	$ 28,384	$ 26,831
Payroll per factory employee	28,385	29,770	27,171	24,842
Payroll per administrative employee	37,084	44,219	35,410	44,022
Payroll per sales employee	56,373	58,324	47,651	53,147
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 25,048	$ 26,039	$ 21,819	$ 19,781
Payroll per factory employee	22,988	24,069	21,571	19,314
Payroll per administrative employee	19,437	21,640	18,448	20,280
Payroll per sales employee	48,241	49,905	34,618	32,437
EXECUTIVE PAYROLL				
Payroll per executive - All executives	63,389	70,530	53,814	72,463
Payroll per factory executive	42,512	49,659	36,606	44,231
Payroll per administrative executive	84,976	96,293	74,247	104,976
Payroll per sales executive	73,805	71,795	65,597	97,027
RECEIVABLES				
Collection period	66.2	63.5	58.3	55.0
PROFIT				
Gross profit percentage of sales	21.29%	24.49%	17.10%	22.23%
Average gross profit per factory employee	$ 25,596	$ 31,055	$ 15,736	$ 20,647
Income before taxes percentage of sales	5.47%	11.55%	7.17%	12.96%
Average income before taxes per employee	$ 5,369	$ 11,899	$ 5,584	$ 10,297

** Sample insufficient for Profit Leaders.
**** All firms are Profit Leaders.

NEWSPAPER**	FINANCIAL	DIRECT MAIL-CATALOG**	BOOK		DIRECTORY**	PACKAGING**
ALL FIRMS	ALL FIRMS****	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 86,659	$ 42,250	$ 84,490	$ 38,231	$ 43,528	$ 118,409	$ 27,461
102,204	51,157	122,512	49,719	54,858	149,264	33,830
23,792	18,015	20,595	20,899	25,459	25,929	18,098
-67,771	24,324	70,403	-35,794	39,533	102,779	20,488
64.81%	164.80%	56.20%	140.18%	154.12%	59.82%	292.42%
88.45%	84.64%	75.47%	82.15%	83.57%	83.74%	83.72%
8.76	6.92	5.16	8.95	6.87	10.98	6.05
2.79	8.44	19.37	8.90	9.56	5.28	10.23
$ 145,422	$ 82,038	$ 163,515	$ 66,450	$ 71,170	$ 111,594	$ 60,817
164,469	96,763	223,731	80,589	84,483	136,127	72,432
70,799	79,459	118,854	50,310	53,614	60,556	43,025
1,685,786	1,417,216	3,574,050	943,947	1,274,174	1,042,379	1,050,958
155,019	86,631	176,086	72,525	77,435	116,863	64,188
172,120	99,414	239,768	86,785	90,438	137,180	75,092
73,523	81,622	127,373	54,132	57,387	61,022	44,784
0	0	1,222,361	1,641,352	1,819,014	1,354,356	1,242,469
354%	317%	373%	331%	317%	449%	315%
22.49%	46.00%	29.60%	39.57%	39.57%	24.06%	37.06%
48.97	133.23	72.02	81.91	86.28	51.73	112.68
$ 32,887	$ 38,032	$ 47,724	$ 25,819	$ 27,143	$ 25,831	$ 22,129
32,559	31,645	46,905	23,547	24,683	23,115	20,223
29,649	53,859	44,411	35,007	37,428	38,521	28,496
53,882	92,553	56,453	46,451	52,939	37,732	32,877
$ 26,455	$ 26,309	$ 39,037	$ 19,467	$ 20,714	$ 19,168	$ 16,729
26,752	24,350	38,909	18,333	19,474	18,540	15,515
15,255	19,431	14,448	18,705	17,567	17,548	19,108
46,047	62,303	46,770	34,995	39,856	32,445	24,568
47,872	106,692	70,220	48,162	47,749	75,405	42,337
39,763	21,499	48,138	36,523	35,886	63,769	35,452
50,037	169,218	115,341	67,046	66,879	80,203	51,504
20,269	105,034	134,042	83,127	95,058	55,993	58,704
76.3	71.2	65.0	68.7	71.1	47.8	57.5
12.46%	38.71%	20.81%	21.65%	22.56%	17.16%	19.74%
$ 21,416	$ 38,490	$ 51,943	$ 18,739	$ 20,171	$ 25,217	$ 14,588
5.23%	13.81%	7.40%	7.24%	9.79%	6.36%	5.99%
$ 7,616	$ 11,499	$ 12,048	$ 4,928	$ 6,965	$ 8,195	$ 3,865

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 2.26	$ 5.74	$ 3.20	$ 7.20
Receivables	17.59	15.97	15.26	14.43
Inventories	7.62	5.69	8.30	6.98
Marketable securities	1.11	3.23	1.74	3.44
Other current assets	1.22	1.01	1.75	2.90
	29.80	32.64	30.25	34.95
Plant Investment:				
Land and building	7.38	5.31	9.24	7.85
Machinery and equipment	31.28	32.16	40.31	45.11
Other fixed assets	2.48	2.18	1.48	1.58
	41.14	39.65	51.03	54.54
Non-Current Assets	2.42	3.05	2.11	1.85
TOTAL INVESTMENT	73.36	75.34	83.39	91.34
INVESTMENT TURNOVER PER $100 OF SALES	136.31%	132.73%	119.92%	109.48%
EARNINGS				
Cost of Product	$78.71	$75.51	$82.90	$77.77
Selling Expenses	8.12	6.97	4.36	3.55
Administrative Expenses	6.43	5.88	5.13	5.17
	93.26	88.36	92.39	86.49
Income Before Interest, Other Income, and Taxes	6.74	11.64	7.61	13.51
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	9.19%	15.45%	9.13%	14.79%

** Sample insufficient for Profit Leaders.
**** All firms are Profit Leaders.

NEWSPAPER**	FINANCIAL	DIRECT MAIL-CATALOG**	BOOK		DIRECTORY**	PACKAGING**
ALL FIRMS	ALL FIRMS****	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 1.44	$ 1.71	$ 0.03	$ 0.75	$ 0.61	$ 1.78	$ 1.41
20.59	18.70	17.57	18.42	19.09	12.48	15.56
6.02	7.59	9.15	8.79	8.89	7.92	15.58
0.00	0.00	0.00	2.79	3.89	0.00	0.00
0.27	4.16	0.15	0.82	0.33	0.41	0.20
28.32	32.16	26.90	31.57	32.81	22.59	32.75
6.94	6.32	5.38	13.61	15.43	10.59	6.31
31.68	15.30	26.49	26.73	27.18	49.56	20.46
0.83	2.85	0.67	0.93	1.34	1.73	1.45
39.45	24.47	32.54	41.27	43.95	61.88	28.22
6.15	5.46	1.90	2.82	3.16	21.81	0.50
73.92	62.09	61.34	75.66	79.92	106.28	61.47
135.28%	161.06%	163.03%	132.17%	125.13%	94.09%	162.68%
$87.54	$61.29	$79.19	$78.35	$77.44	$82.84	$80.26
1.41	12.22	7.68	7.32	7.85	2.94	8.40
3.76	11.10	3.56	7.34	5.85	6.67	5.73
92.71	84.61	90.43	93.01	91.14	92.45	94.39
7.29	15.39	9.57	6.99	8.86	7.55	5.61
9.86%	24.79%	15.60%	9.24%	11.09%	7.10%	9.13%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	140	$ 14,618,000	$ 25,494,000	$ 1,694,000
TOTAL - PROFIT LEADERS*	44	17,957,000	29,655,000	3,420,000
BY SIZE OF FIRM				
ALL FIRMS				
$10,000,000-$20,000,000	79	7,933,000	14,503,000	714,000
$20,000,000-$40,000,000	48	16,283,000	27,859,000	2,033,000
$40,000,000-$80,000,000	10	32,289,000	49,317,000	3,561,000
Over $160,000,000	2	122,909,000	227,611,000	15,431,000
PROFIT LEADERS				
$10,000,000-$20,000,000	19	8,208,000	13,931,000	1,501,000
$20,000,000-$40,000,000	20	16,476,000	26,508,000	3,266,000
$40,000,000-$80,000,000	3	41,531,000	51,867,000	6,512,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	81	13,038,000	23,506,000	1,419,000
Magazine and Periodical	31	20,469,000	34,127,000	2,698,000
Newspaper	2	18,748,000	32,614,000	1,667,000
Financial****	2	11,328,000	22,169,000	2,752,000
Direct Mail - Catalog	2	17,298,000	31,839,000	2,386,000
Book	10	11,248,000	18,962,000	1,456,000
Directory	2	18,366,000	18,162,000	1,275,000
Packaging	2	5,643,000	12,587,000	745,000
PROFIT LEADERS				
Commercial and Advertising	23	13,832,000	25,502,000	3,002,000
Magazine and Periodical	11	31,215,000	47,814,000	5,538,000
Book	5	12,350,000	19,343,000	2,074,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 35.
**** All firms are Profit Leaders.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1984 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1985 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director
PIA Financial Services

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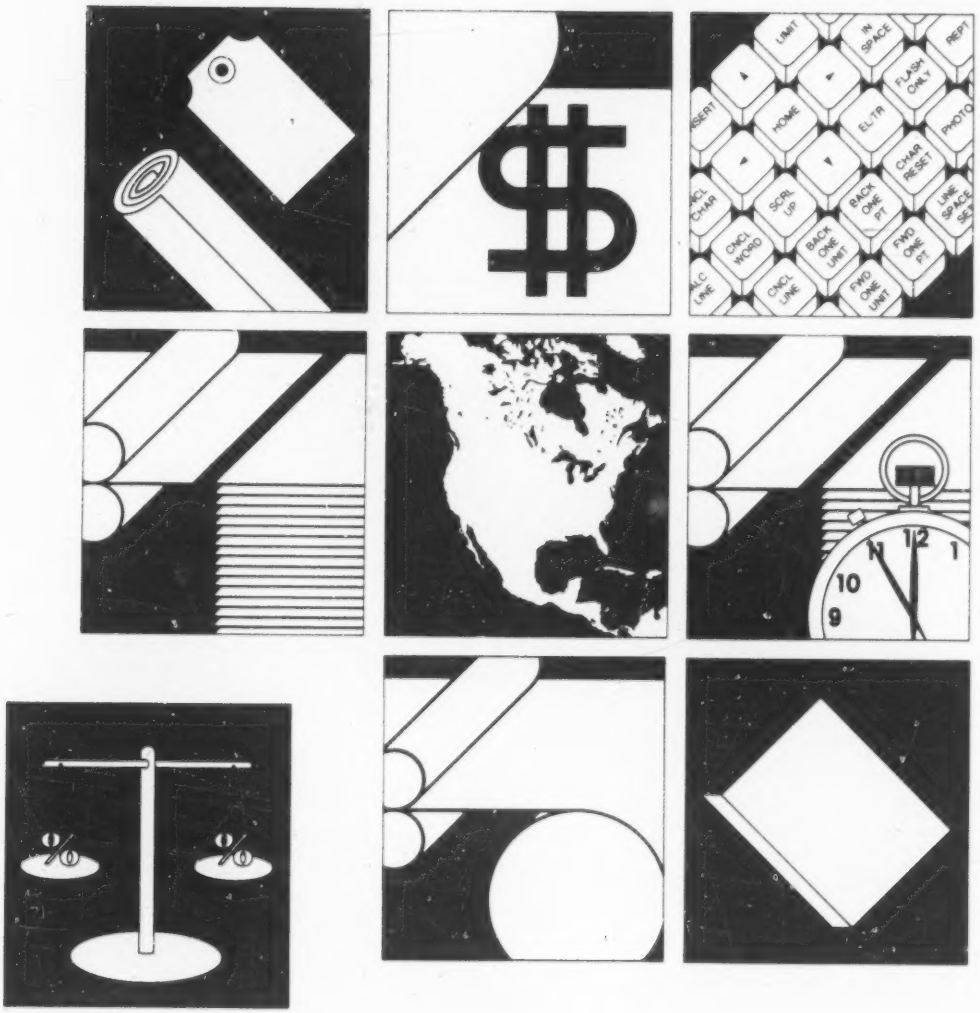
PPA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



Volume X
Large Printers

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

For further information, contact:

William A. Rose, II
Director, PIA Financial Services
1730 North Lynn Street
Arlington, Virginia 22209
703/841-4805

PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

Printing Industries of America, Inc.
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Volume X: Large Printers

An Annual Financial Survey Conducted By:
PIA Financial Services
1730 North Lynn Street
Arlington, VA 22209

Accounting Firm:

H. R. Margolis
Certified Public Accountants
New York and Philadelphia (Bala Cynwyd)

Data Processing:

RGS Enterprises, Inc.
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PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-4805

Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1985 PIA FINANCIAL RATIOS FOR LARGE PRINTERS. This Ratio Study was developed on the basis of questionnaires volunteered by 141 firms and presents the ratios and statistics of Large Printers (annual sales volume of $10,00,000 or more) by sales volume and product.

Thus the user of the report can direct himself to the standards for his sales volume — for example, sales from $10 to $20 million, $20 to $40 million, etc.; and product specialty — for example, Commercial and Advertising, Magazine and Periodical, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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Printing Industries of America, Inc. recognizes that the industry's largest printing firms have some unique needs which are not generally being met in the industry. For this reason PIA has developed programs and services for the benefit of these companies. One of these services is this special ratio study undertaken exclusively for companies of this size. Another effort on the part of PIA to meet the needs of large firms is the Conference Board of Major Printers. Listed below is information regarding this PIA special section.

- CBMP is the only organization dedicated to the needs of the large printers.
- Membership is limited to Chief Executive Officers of selected printing companies.
- CBMP pursues specific projects of special interest to large printers, via special presentations at the bi-annual Meetings, and via montly *UP-DATE SURVEYS* and *REPORTS* on current topics of interest.
- CBMP represents the interests of the major printers within PIA, by assuring that appropriate PIA programs are offered to its members.
- CBMP provides basic leadership to the printing industry as a whole.
- CBMP studies the impact of government regulations and legislation on the large printing organizations.
- CBMP studies the impact on large printers of suppliers of equipment and materials.
- CBMP strives toward better understanding of customer needs through its own special studies.
- CBMP is comprised of over 40 member companies who produce every type of printed product.
- CBMP is dedicated to provide guidance in the area of quality control, materials management, and other management disciplines for the large printer.

Laura M. Yoder, Exec. Director
Conference-Board of Major Printers
(703) 841-4803

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less materials costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of presentation management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	44.41	40.00	43.86	38.31
FACTORY EXPENSES	20.57	18.86	20.16	17.51
TOTAL FACTORY COST OF PRODUCT	64.98	58.86	64.02	55.82
GROSS PROFIT	35.02	41.14	35.98	44.18
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.33	9.28	11.12	10.58
Selling expenses	12.41	10.68	14.07	13.56
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	22.74	19.96	25.19	24.14
INCOME BEFORE INTEREST EXPENSE	12.28	21.18	10.79	20.04
Interest expense	3.19	2.11	3.36	1.93
OPERATING INCOME	9.09	19.07	7.43	18.11
Other income	1.36	1.72	1.55	1.53
INCOME BEFORE INCOME TAXES	10.45	20.79	8.98	19.64

* See page 10 for the definition of "Profit Leaders".
** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
45.61	40.66	42.61	41.31	45.85
21.37	19.82	19.67	19.79	21.21
66.98	60.48	62.28	61.10	67.06
33.02	39.52	37.72	38.90	32.94
9.79	8.48	9.17	8.15	8.00
10.56	9.19	11.80	7.71	9.99
20.35	17.67	20.97	15.86	17.99
12.67	21.85	16.75	23.04	14.95
2.82	2.43	3.46	2.01	3.65
9.85	19.42	13.29	21.03	11.30
1.18	2.10	1.27	1.52	0.62
11.03	21.52	14.56	22.55	11.92

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.85%	2.52%	2.81%	2.73%
Direct wages	27.80	25.76	28.39	26.70
General factory salaries and wages	4.55	3.83	4.03	2.34
Packing, shipping and delivery wages	1.48	1.29	1.48	1.17
Payroll taxes	2.94	2.46	2.83	2.39
Employee benefits	4.79	4.14	4.32	2.98
TOTAL FACTORY PAYROLL	44.41	40.00	43.86	38.31
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.58	0.45	0.65	0.43
Depreciation - other	5.11	5.05	5.16	4.84
Taxes - real estate	0.45	0.37	0.42	0.31
Taxes - other	0.29	0.23	0.33	0.23
Insurance	0.36	0.38	0.43	0.53
Building rent	0.87	0.81	1.02	1.06
Utilities - heat, light, etc.	2.53	2.25	2.27	1.76
Equipment rental	0.55	0.45	0.61	0.28
Total Fixed Expenses	10.74	9.99	10.89	9.44
Other Expenses				
Factory supplies and expense	4.25	3.83	3.66	3.22
Packing, shipping and delivery expense	1.53	1.48	1.53	1.40
Repairs and maintenance	2.68	2.47	2.56	2.29
Other factory expenses	1.37	1.09	1.52	1.16
Total Other Expenses	9.83	8.87	9.27	8.07
TOTAL FACTORY EXPENSES	20.57	18.86	20.16	17.51
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.28	2.31	2.56	2.92
Salaries - office	2.53	2.25	2.76	2.62
Payroll taxes	0.30	0.29	0.33	0.37
Employee benefits	0.71	0.64	0.67	0.62
Bad debts	0.72	0.51	0.80	0.48
Office supplies and xpenses	0.53	0.44	0.62	0.49
Professional fees	0.67	0.61	0.75	0.65
Taxes - business	0.18	0.14	0.22	0.17
Telephone	0.49	0.45	0.55	0.53
Other administrative expenses	1.92	1.64	1.86	1.73
TOTAL ADMINISTRATIVE EXPENSES	10.33	9.28	11.12	10.58
SELLING EXPENSES				
Salaries - executive	1.37	1.31	1.67	1.82
Salaries and commissions - salesmen	5.64	4.31	6.39	5.03
Salaries - sales office clerical	1.39	1.24	1.64	1.98
Payroll taxes	0.40	0.36	0.45	0.52
Employee benefits	0.64	0.60	0.71	0.85
Advertising	0.43	0.32	0.49	0.45
Travel and entertainment	1.02	0.82	1.18	0.98
Other selling expenses	1.52	1.72	1.54	1.93
TOTAL SELLING EXPENSES	12.41	10.68	14.07	13.56

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $150 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
3.07%	2.67%	2.67%	1.82%	2.26%
27.37	24.94	26.16	25.22	30.40
4.96	4.05	5.31	5.96	3.46
1.51	1.22	1.60	2.28	1.11
3.02	2.61	2.32	1.90	5.63
5.68	5.17	4.55	4.13	2.99
45.61	40.66	42.61	41.31	45.85
0.46	0.45	0.42	0.55	1.24
5.14	5.44	4.64	4.39	5.90
0.35	0.38	0.57	0.52	1.61
0.32	0.27	0.09	0.15	0.08
0.29	0.30	0.22	0.22	0.39
0.85	0.79	0.38	0.28	0.49
2.77	2.54	2.71	2.56	3.14
0.57	0.63	0.37	0.46	0.09
10.75	10.80	9.40	9.13	12.94
5.12	4.43	4.24	3.89	4.17
1.58	1.25	1.57	2.12	0.47
2.67	2.49	3.16	2.90	2.76
1.25	0.85	1.30	1.75	0.87
10.62	9.02	10.27	10.66	8.27
21.37	19.82	19.67	19.79	21.21
2.17	2.17	1.70	1.25	1.23
2.24	2.00	2.32	1.81	2.62
0.29	0.24	0.22	0.17	0.37
0.78	0.69	0.69	0.58	0.49
0.70	0.55	0.46	0.56	0.59
0.46	0.42	0.37	0.37	0.28
0.57	0.58	0.70	0.64	0.52
0.18	0.13	0.08	0.13	0.05
0.43	0.42	0.42	0.25	0.41
1.97	1.28	2.21	2.39	1.44
9.79	8.48	9.17	8.15	8.00
0.97	1.18	1.55	0.45	0.56
4.86	3.87	5.08	3.76	4.88
1.20	0.75	1.14	0.59	0.61
0.36	0.32	0.29	0.07	0.50
0.61	0.50	0.54	0.21	0.23
0.35	0.24	0.31	0.21	0.78
0.83	0.85	0.95	0.29	0.90
1.38	1.48	1.94	2.13	1.53
10.56	9.19	11.80	7.71	9.99

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	28.76	26.82	28.27	25.53
Other chargeable materials	6.84	6.74	5.58	5.23
Outside services	6.57	6.16	7.72	6.83
TOTAL MATERIALS	42.17	39.72	41.57	37.59
FACTORY PAYROLL	25.67	24.05	25.59	23.78
FACTORY EXPENSES	11.76	11.26	11.55	10.82
TOTAL FACTORY COST OF PRODUCT	79.60	75.03	78.71	72.19
GROSS PROFIT	20.40	24.97	21.29	27.81
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	5.97	5.66	6.46	6.63
Selling expenses	7.27	6.73	8.36	8.81
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	13.24	12.39	14.82	15.44
INCOME BEFORE INTEREST EXPENSE	7.16	12.58	6.47	12.37
Interest expense	1.77	1.19	1.91	1.12
OPERATING INCOME	5.39	11.39	4.56	11.25
Other income	0.74	1.01	0.83	0.97
INCOME BEFORE INCOME TAXES	6.13	12.40	5.39	12.22

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	3.34%	3.44%	2.34%	2.21%
Film	0.93	0.94	1.05	1.22
Plates	0.99	0.93	1.07	0.92
Other chargeable materials	1.58	1.43	1.12	0.88
TOTAL OTHER CHARGEABLE MATERIALS	6.84	6.74	5.58	5.23
OUTSIDE SERVICES				
Composition	0.36	0.11	0.52	0.22
Offset preparation	1.19	0.71	1.71	1.49
Printing	1.66	1.51	2.07	1.28
Binding	1.81	1.84	2.06	2.11
Other outside services	1.55	1.99	1.36	1.73
TOTAL OUTSIDE SERVICES	6.57	6.16	7.72	6.83

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%
27.90	26.48	34.55	32.53	26.53
7.50	6.74	9.28	9.89	10.60
5.41	6.06	5.33	5.52	6.20
40.81	39.28	49.16	47.94	43.33
26.95	24.63	22.02	21.83	25.08
12.51	11.86	10.16	10.55	12.17
80.27	75.77	81.34	80.32	80.58
19.73	24.23	18.66	19.68	19.42
5.80	5.19	4.68	4.38	4.67
6.37	5.85	5.68	3.88	5.85
12.17	11.04	10.36	8.26	10.52
7.56	13.19	8.30	11.42	8.90
1.51	1.34	1.80	1.16	2.36
6.05	11.85	6.50	10.26	6.54
0.67	1.19	0.63	0.89	0.31
6.72	13.04	7.13	11.15	6.85
4.15%	3.74%	4.47%	4.79%	6.44%
0.89	0.97	0.54	0.37	0.64
0.87	0.90	0.70	0.70	1.63
1.59	1.13	3.57	4.03	1.89
7.50	6.74	9.28	9.89	10.60
0.24	0.06	0.10	0.06	0.34
0.56	0.29	1.08	0.60	0.69
1.21	1.73	1.26	1.54	1.66
1.52	1.58	2.02	2.43	0.86
1.88	2.40	0.87	0.89	2.65
5.41	6.06	5.33	5.52	6.20

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.67%	1.56%	1.68%	1.72%
Direct wages	16.00	15.39	16.48	16.44
General factory salaries and wages	2.64	2.31	2.37	1.48
Packing, shipping and delivery wages	0.85	0.78	0.85	0.74
Payroll taxes	1.72	1.51	1.67	1.47
Employee benefits	2.79	2.50	2.54	1.93
TOTAL FACTORY PAYROLL	25.67	24.05	25.59	23.78
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.33	0.28	0.36	0.27
Depreciation - other	2.89	2.97	2.94	2.94
Taxes - real estate	0.25	0.21	0.23	0.18
Taxes - other	0.17	0.14	0.19	0.14
Insurance	0.21	0.24	0.25	0.33
Building rent	0.51	0.51	0.59	0.67
Utilities - heat, light, etc.	1.45	1.33	1.32	1.09
Equipment rental	0.32	0.27	0.36	0.18
Total Fixed Expenses	6.13	5.95	6.24	5.80
Other Expenses				
Factory supplies and expense	2.47	2.29	2.15	2.04
Packing, shipping and delivery expense	0.87	0.91	0.83	0.85
Repairs and maintenance	1.52	1.46	1.47	1.41
Other factory expenses	0.77	0.65	0.86	0.72
Total Other Expenses	5.63	5.31	5.31	5.02
TOTAL FACTORY EXPENSES	11.76	11.26	11.55	10.82
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.32	1.41	1.49	1.80
Salaries - office	1.43	1.37	1.59	1.63
Payroll taxes	0.18	0.18	0.19	0.24
Employee benefits	0.41	0.40	0.39	0.41
Bad debts	0.40	0.30	0.44	0.28
Office supplies and expenses	0.31	0.26	0.37	0.30
Professional fees	0.39	0.37	0.43	0.41
Taxes - business	0.11	0.09	0.13	0.10
Telephone	0.29	0.28	0.32	0.34
Other administrative expenses	1.13	1.00	1.11	1.12
TOTAL ADMINISTRATIVE EXPENSES	5.97	5.66	6.46	6.63
SELLING EXPENSES				
Salaries - executive	0.80	0.82	1.00	1.15
Salaries and commissions - salesmen	3.26	2.65	3.71	3.22
Salaries - sales office clerical	0.83	0.81	1.01	1.35
Payroll taxes	0.24	0.24	0.28	0.34
Employee benefits	0.38	0.39	0.43	0.56
Advertising	0.26	0.20	0.30	0.29
Travel and entertainment	0.59	0.52	0.70	0.64
Other selling expenses	0.91	1.10	0.93	1.26
TOTAL SELLING EXPENSES	7.27	6.73	8.36	8.81

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
1.82%	1.67%	1.37%	1.01%	1.22%
16.07	14.98	13.56	13.19	16.69
2.98	2.51	2.69	3.14	1.83
0.89	0.76	0.80	1.19	0.70
1.81	1.63	1.22	1.09	3.09
3.38	3.08	2.38	2.21	1.55
26.95	24.63	22.02	21.83	25.08
0.27	0.28	0.23	0.31	0.74
2.99	3.20	2.40	2.34	3.25
0.20	0.22	0.28	0.26	1.02
0.18	0.16	0.05	0.09	0.05
0.17	0.18	0.12	0.13	0.24
0.51	0.51	0.19	0.16	0.30
1.60	1.48	1.41	1.42	1.85
0.32	0.38	0.19	0.24	0.05
6.24	6.41	4.87	4.95	7.50
3.05	2.61	2.18	2.04	2.35
0.95	0.81	0.86	1.19	0.27
1.55	1.50	1.58	1.46	1.57
0.72	0.53	0.67	0.91	0.48
6.27	5.45	5.29	5.60	4.67
12.51	11.86	10.16	10.55	12.17
1.27	1.30	0.89	0.65	0.70
1.33	1.23	1.15	0.99	1.54
0.17	0.15	0.11	0.10	0.21
0.46	0.42	0.36	0.33	0.28
0.40	0.34	0.22	0.27	0.34
0.28	0.26	0.20	0.20	0.16
0.34	0.37	0.36	0.34	0.30
0.11	0.09	0.04	0.07	0.03
0.26	0.26	0.22	0.14	0.25
1.18	0.77	1.13	1.29	0.86
5.80	5.19	4.68	4.38	4.67
0.58	0.74	0.74	0.23	0.30
2.93	2.46	2.40	1.79	2.81
0.70	0.46	0.61	0.31	0.32
0.22	0.20	0.14	0.04	0.30
0.37	0.31	0.27	0.11	0.13
0.22	0.16	0.15	0.11	0.49
0.49	0.53	0.47	0.16	0.52
0.86	0.99	0.90	1.13	0.98
6.37	5.85	5.68	3.88	5.85

BALANCE SHEET

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	4.07%	6.92%	4.39%	9.42%
Receivables	30.70	28.95	31.92	29.96
Inventories	16.27	12.85	15.78	10.96
Other current assets	3.92	5.33	4.30	4.97
TOTAL CURRENT ASSETS	54.96	54.05	56.39	55.31
FIXED ASSETS				
Real estate	14.41	11.67	15.13	11.35
Less: Accumulated depreciation	3.89	2.64	3.97	2.72
	10.52	9.03	11.16	8.63
Machinery and equipment	58.21	55.29	56.58	48.87
Less: Accumulated depreciation	29.04	25.16	29.78	22.59
	29.17	30.13	26.80	26.28
Other fixed assets	4.54	5.02	5.48	7.15
Less: Accumulated depreciation	2.20	2.24	2.94	3.42
	2.34	2.78	2.54	3.73
NET FIXED ASSETS	42.03	41.94	40.50	38.64
OTHER ASSETS	3.01	4.01	3.11	6.05
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	7.45	3.14	8.45	2.66
Accounts pavable	12.22	10.70	12.55	11.06
Other current liabilities	10.52	10.52	10.30	11.05
TOTAL CURRENT LIABILITIES	30.19	24.36	31.30	24.77
LONG-TERM LIABILITIES	27.78	23.46	27.72	21.82
TOTAL LIABILITIES	57.97	47.82	59.02	46.59
SHAREHOLDERS' AND PROPRIETORS' EQUITY	42.03	52.18	40.98	53.41
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.82	2.22	1.80	2.23
QUICK RATIO	1.28	1.69	1.30	1.79
TOTAL LIABILITIES TO EQUITY	1.38	0.92	1.44	0.87
LONG-TERM LIABILITIES TO EQUITY	0.66	0.45	0.68	0.41
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.50	0.46	0.53	0.46

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
4.44%	6.46%	1.24%	2.49%	5.14%
29.16	27.00	31.49	32.81	25.65
16.57	12.67	18.79	18.65	12.84
4.22	6.56	2.35	3.69	1.13
54.39	52.69	53.87	57.64	44.76
13.18	11.09	14.16	12.08	16.47
3.88	2.30	3.28	2.84	4.33
9.30	8.79	10.88	9.24	12.14
59.04	56.81	60.55	63.50	61.91
28.36	24.13	28.81	32.45	23.42
30.68	32.68	31.74	31.05	38.49
3.97	4.33	2.74	1.79	3.06
1.68	1.69	1.02	0.82	0.87
2.29	2.64	1.72	0.97	2.19
42.27	44.11	44.34	41.26	52.82
3.34	3.20	1.79	1.10	2.42
100.00	100.00	100.00	100.00	100.00
6.17	3.40	8.68	4.39	3.08
12.16	10.42	11.62	11.25	10.49
12.44	11.81	6.32	5.34	7.86
30.77	25.63	26.62	20.98	21.43
26.48	27.36	26.66	18.17	44.73
57.25	52.99	53.28	39.15	66.16
42.75	47.01	46.72	60.85	33.84
100.00	100.00	100.00	100.00	100.00
1.77	2.06	2.02	2.75	2.09
1.23	1.56	1.32	1.86	1.49
1.34	1.13	1.14	0.64	1.96
0.62	0.58	0.57	0.30	1.32
0.48	0.42	0.48	0.51	0.38

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 56,071	$ 62,904	$ 50,893	$ 53,847
Average assets per factory employee (Excluding Executives)	72,156	78,632	67,899	71,388
Average net worth per employee - All employees	22,324	30,293	20,354	27,256
Average gross plant investment per factory employee (Excluding Executives)	54,599	57,045	50,882	47,435
Net worth percentage of fixed assets	116.91%	139.94%	117.06%	152.11%
EMPLOYEES				
Percent factory - All employees	82.47%	84.31%	80.04%	80.06%
Percent administrative - All employees	8.25	7.65	8.87	8.73
Percent sales - All employees	9.28	8.04	11.09	11.21
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 96,134	$ 100,283	$ 90,057	$ 92,033
Sales per factory employee	118,178	119,979	114,043	116,250
Sales less material per factory employee	66,369	69,983	65,414	71,712
Sales per administrative employee	1,380,001	1,569,708	1,108,307	1,195,105
EXCLUDING EXECUTIVES				
Sales per employee - All employees	102,624	106,450	96,461	98,562
Sales per factory employee	124,182	125,562	119,824	122,308
Sale- less material per factory employee	69,758	73,413	68,832	75,651
SALES PER SALESMAN	1,795,803	2,087,302	1,258,944	1,493,372
SALES TO CURRENT ASSETS	350%	334%	347%	339%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	34.53%	32.31%	35.69%	34.47%
Factory payroll percentage of gross plant investment	64.61	61.81	66.54	67.35
Payroll per employee - All employees	$ 31,706	$ 30,722	$ 31,092	$ 30,765
Payroll per factory employee	28,535	27,244	27,661	26,596
Payroll per administrative employee	39,115	43,336	37,890	44,240
Payroll per sales employee	60,991	62,655	54,353	59,075
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 24,550	$ 23,533	$ 24,278	$ 23,738
Payroll per factory employee	22,827	21,864	22,449	21,861
Payroll per administrative employee	19,946	20,322	19,429	20,025
Payroll per sales employee	49,466	45,904	42,947	39,912
EXECUTIVE PAYROLL				
Payroll per executive - All executives	68,065	70,543	64,431	77,185
Payroll per factory executive	44,638	45,869	46,317	49,382
Payroll per administrative executive	94,603	105,155	86,568	106,838
Payroll per sales executive	81,078	96,659	77,948	95,008
RECEIVABLES				
Collection period	63.9	63.6	64.7	63.9
PROFIT				
Gross profit percentage of sales	20.40%	24.97%	21.29%	27.81%
Average gross profit per factory employee	$ 25,491	$ 31,265	$ 26,057	$ 34,713
Income before taxes percentage of sales	6.13%	12.40%	5.39%	12.22%
Average income before taxes per employee	$ 6,068	$ 12,213	$ 4,973	$ 11,159

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 59,447	$ 71,499	$ 65,077	$ 67,786	$ 70,386
74,408	87,088	82,802	81,122	81,372
22,949	29,214	30,101	42,241	20,006
56,564	65,131	61,368	61,521	67,494
123.09%	124.36%	114.03%	159.07%	65.59%
84.85%	87.00%	83.74%	87.26%	88.45%
7.64	6.87	7.77	7.28	7.28
7.51	6.13	8.49	5.46	4.27
$ 97,162	$ 99,587	$ 119,982	$ 130,378	$ 98,637
115,893	115,310	147,407	151,481	111,387
66,658	67,184	71,970	75,451	59,447
1,572,832	1,693,333	1,846,520	2,349,875	1,883,438
103,598	105,570	128,064	137,037	102,797
121,700	120,536	155,900	157,781	115,897
69,981	70,414	75,958	78,572	61,759
2,112,737	2,092,907	2,475,006	2,887,901	4,438,814
353%	322%	356%	328%	338%
34.98%	31.90%	28.69%	26.39%	31.69%
67.15	60.63	52.62	51.46	49.82
$ 32,358	$ 30,245	$ 32,780	$ 31,761	$ 30,185
29,497	26,798	29,672	30,095	27,448
40,524	43,405	40,127	39,705	36,216
65,029	70,874	64,689	44,573	102,570
$ 24,576	$ 22,371	$ 25,940	$ 26,113	$ 23,633
23,011	20,694	24,275	25,119	21,714
19,459	19,477	22,081	21,472	23,031
52,401	52,276	58,934	39,343	82,650
73,431	71,449	65,592	50,851	72,471
41,754	44,964	37,685	39,922	68,651
102,045	110,069	106,062	86,546	100,364
82,619	107,406	85,649	70,376	93,585
62.4	63.5	64.8	66.6	66.1
19.73%	24.23%	18.66%	19.68%	19.42%
$ 23,790	$ 28,394	$ 30,211	$ 32,377	$ 20,179
6.72%	13.04%	7.13%	11.15%	6.85%
$ 6,652	$ 12,528	$ 8,909	$ 14,916	$ 6,281

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 2.52	$ 4.34	$ 2.62	$ 5.91
Receivables	16.98	16.97	17.22	17.01
Inventories	8.89	7.36	8.34	6.02
Marketable securities	1.13	2.37	1.34	3.03
Other current assets	1.45	1.42	1.50	0.81
	30.97	32.46	31.02	32.78
Plant Investment:				
Land and building	8.57	7.54	8.84	6.85
Machinery and equipment	33.52	34.90	31.43	29.25
Other fixed assets	2.40	2.70	2.80	3.74
	44.49	45.14	43.07	39.84
Non-Current Assets	2.07	2.98	1.97	3.71
TOTAL INVESTMENT	77.53	80.58	76.06	76.33
INVESTMENT TURNOVER PER $100 OF SALES	128.98%	124.10%	131.48%	131.01%
EARNINGS				
Cost of Product	$79.60	$75.03	$78.71	$72.19
Selling Expenses	7.27	6.73	8.36	8.81
Administrative Expenses	5.97	5.66	6.46	6.63
	92.84	87.42	93.53	87.63
Income Before Interest, Other Income, and Taxes	7.16	12.58	6.47	12.37
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	9.23%	15.61%	8.51%	16.21%

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 2.80	$ 4.02	$ 0.90	$ 1.69	$ 3.55
16.57	16.93	17.24	17.79	17.42
9.30	7.82	10.21	9.77	9.08
1.22	2.48	0.16	0.40	0.38
1.59	2.09	1.20	1.65	0.42
31.48	33.34	29.71	31.30	30.85
7.94	7.97	8.04	7.19	12.52
34.81	39.11	34.65	36.66	46.17
2.17	2.44	1.38	0.85	2.30
44.92	49.52	44.07	44.70	60.99
2.58	3.20	1.19	0.78	1.48
78.98	86.06	74.97	76.78	93.32
126.61%	116.20%	133.39%	130.24%	107.16%
$80.27	$75.77	$81.34	$80.32	$80.58
6.37	5.85	5.68	3.88	5.85
5.80	5.19	4.68	4.38	4.67
92.44	86.81	91.70	88.58	91.10
7.56	13.19	8.30	11.42	8.90
9.57%	15.33%	11.07%	14.87%	9.54%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	43.10	39.05	46.98	42.80
FACTORY EXPENSES	19.98	17.67	23.12	22.27
TOTAL FACTORY COST OF PRODUCT	63.08	56.72	70.10	65.07
GROSS PROFIT	36.92	43.28	29.90	34.93
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.06	9.01	9.65	8.47
Selling expenses	13.83	12.73	7.12	6.02
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	23.89	21.74	16.77	14.49
INCOME BEFORE INTEREST EXPENSE	13.03	21.54	13.13	20.44
Interest expense	3.40	1.81	3.32	2.37
OPERATING INCOME	9.63	19.73	9.81	18.07
Other income	1.12	1.12	1.69	2.44
INCOME BEFORE INCOME TAXES	10.75	20.85	11.50	20.51

** Sample insufficient for Profit Leaders.

NEWSPAPER**	DIRECT MAIL-CATALOG**	BOOK		PACKAGING**
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
48.72	48.98	48.34	38.08	47.42
22.48	23.18	20.13	18.48	21.05
71.20	72.16	68.47	56.56	68.47
28.80	27.84	31.53	43.44	31.53
9.48	6.98	11.32	9.76	8.35
6.57	9.74	11.63	12.16	14.90
16.05	16.72	22.95	21.92	23.25
12.75	11.12	8.58	21.52	8.28
4.77	1.07	1.96	2.01	2.25
7.98	10.05	6.62	19.51	6.03
0.35	0.76	2.39	1.77	1.45
8.33	10.81	9.01	21.28	7.48

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.71%	2.78%	2.92%	2.07%
Direct wages	27.65	25.79	28.43	26.19
General factory salaries and wages	4.29	3.00	5.49	6.13
Packing, shipping and delivery wages	1.43	1.20	1.43	1.03
Payroll taxes	2.63	2.35	3.36	2.61
Employee benefits	4.39	3.93	5.35	4.77
TOTAL FACTORY PAYROLL	43.10	39.05	46.98	42.80
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.62	0.45	0.52	0.46
Depreciation - other	5.35	4.80	5.72	5.80
Taxes - real estate	0.42	0.38	0.53	0.35
Taxes - other	0.25	0.20	0.29	0.30
Insurance	0.39	0.44	0.31	0.31
Building rent	1.02	1.10	0.74	0.33
Utilities - heat, light, etc.	2.38	2.03	3.13	2.80
Equipment rental	0.46	0.39	0.84	0.57
Total Fixed Expenses	10.89	9.79	12.08	10.92
Other Expenses				
Factory supplies and expense	3.71	3.36	4.99	4.54
Packing, shipping and delivery expense	1.60	1.18	1.48	2.20
Repairs and maintenance	2.54	2.45	3.11	2.87
Other factory expenses	1.24	0.89	1.46	1.74
Total Other Expenses	9.09	7.88	11.04	11.35
TOTAL FACTORY EXPENSES	19.98	17.67	23.12	22.27
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.21	2.13	2.14	1.99
Salaries - office	2.51	2.21	2.23	2.07
Payroll taxes	0.30	0.29	0.29	0.23
Employee benefits	0.67	0.57	0.72	0.72
Bad debts	0.67	0.44	0.95	0.68
Office supplies and expenses	0.46	0.39	0.43	0.47
Professional fees	0.63	0.58	0.76	0.65
Taxes - business	0.15	0.13	0.12	0.17
Telephone	0.52	0.45	0.39	0.30
Other administrative expenses	1.94	1.82	1.62	1.19
TOTAL ADMINISTRATIVE EXPENSES	10.06	9.01	9.65	8.47
SELLING EXPENSES				
Salaries - executive	1.34	1.29	1.01	1.41
Salaries and commissions - salesmen	7.03	5.48	2.38	1.65
Salaries - sales office clerical	1.27	1.42	1.10	0.76
Payroll taxes	0.41	0.44	0.27	0.15
Employee benefits	0.66	0.74	0.44	0.33
Advertising	0.51	0.41	0.30	0.12
Travel and entertainment	1.12	0.88	0.66	0.53
Other selling expenses	1.49	2.07	0.96	1.07
TOTAL SELLING EXPENSES	13.83	12.73	7.12	6.02

** Sample insufficient for Profit Leaders.

NEWSPAPER**	DIRECT MAIL-CATALOG**	BOOK		PACKAGING**
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
0.71%	1.24%	4.26%	3.08%	2.86%
34.70	31.21	27.98	24.51	30.85
3.21	5.78	5.36	2.83	2.73
1.57	0.07	1.21	1.04	1.30
3.71	6.24	3.77	2.51	2.20
4.82	4.44	5.76	4.11	7.48
48.72	48.98	48.34	38.08	47.42
0.82	0.33	0.52	0.40	0.30
5.63	6.70	3.52	4.92	2.86
0.17	0.98	0.41	0.50	1.06
0.34	0.36	0.46	0.03	0.26
0.48	0.28	0.21	0.08	0.22
0.47	0.75	0.15	0.17	1.23
2.74	2.22	2.58	3.14	2.09
0.05	1.16	1.08	0.61	0.08
10.70	12.78	8.93	9.85	8.10
5.74	5.26	5.79	4.43	3.26
1.51	1.72	1.09	0.61	1.31
3.92	3.21	3.31	2.80	3.08
0.61	0.21	1.01	0.79	5.30
11.78	10.40	11.20	8.63	12.95
22.48	23.18	20.13	18.48	21.05
3.34	0.90	2.30	3.90	1.13
2.02	1.53	3.09	1.99	2.80
0.16	0.33	0.41	0.27	0.25
0.54	0.56	0.80	0.59	0.51
0.94	0.37	0.33	0.37	0.18
0.70	0.30	0.44	0.33	0.15
0.63	0.45	0.90	0.65	0.31
0.32	0.70	0.63	0.00	0.00
0.58	0.50	0.45	0.56	0.45
0.25	1.34	1.97	1.10	2.57
9.48	6.98	11.32	9.76	8.35
0.58	1.09	1.34	1.96	1.91
4.35	2.13	4.48	5.36	4.86
0.16	4.03	1.60	1.18	1.92
0.04	0.56	0.49	0.54	0.45
0.16	0.44	0.69	0.49	0.78
0.08	0.50	0.19	0.04	0.90
1.04	0.69	1.10	2.24	1.96
0.16	0.30	1.74	0.35	2.12
6.57	9.74	11.63	12.16	14.90

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	27.93	26.45	29.37	27.84
Other chargeable materials	6.81	6.61	7.84	8.15
Outside services	7.94	6.46	3.84	4.45
TOTAL MATERIALS	42.68	39.52	41.05	40.44
FACTORY PAYROLL	24.58	23.50	27.64	25.42
FACTORY EXPENSES	11.27	10.56	13.58	13.26
TOTAL FACTORY COST OF PRODUCT	78.53	73.58	82.27	79.12
GROSS PROFIT	21.47	26.42	17.73	20.88
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	5.75	5.56	5.67	5.02
Selling expenses	8.12	8.07	4.21	3.62
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	13.87	13.63	9.88	8.64
INCOME BEFORE INTEREST EXPENSE	7.60	12.79	7.85	12.24
Interest expense	1.86	1.05	1.94	1.36
OPERATING INCOME	5.74	11.74	5.91	10.88
Other income	0.60	0.72	0.98	1.43
INCOME BEFORE INCOME TAXES	6.34	12.46	6.89	12.31

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	3.27%	2.90%	4.75%	5.03%
Film	0.97	1.12	0.85	0.76
Plates	0.88	0.83	1.26	1.22
Other chargeable materials	1.69	1.76	0.98	1.14
TOTAL OTHER CHARGEABLE MATERIALS	6.81	6.61	7.84	8.15
OUTSIDE SERVICES				
Composition	0.47	0.14	0.10	0.03
Offset preparation	1.53	0.81	0.91	0.57
Printing	1.93	1.36	1.28	2.01
Binding	2.48	2.42	0.61	0.55
Other outside services	1.53	1.73	0.94	1.29
TOTAL OUTSIDE SERVICES	7.94	6.46	3.84	4.45

** Sample insufficient for Profit Leaders.

NEWSPAPER**	DIRECT MAIL-CATALOG**	BOOK		PACKAGING**
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%
43.71	36.84	25.78	20.86	29.48
8.00	7.03	6.99	8.00	2.16
2.13	5.47	6.46	13.84	8.20
53.84	49.34	39.23	42.70	39.84
22.48	23.72	29.31	21.90	28.30
10.35	11.82	12.08	10.50	12.76
86.67	84.88	80.62	75.10	80.90
13.33	15.12	19.38	24.90	19.10
4.35	3.91	6.86	5.60	5.15
2.93	5.68	7.32	7.00	9.18
7.28	9.59	14.18	12.60	14.33
6.05	5.53	5.20	12.30	4.77
2.23	0.67	1.17	1.13	1.29
3.82	4.86	4.03	11.17	3.48
0.15	0.39	1.35	0.99	0.89
3.97	5.25	5.38	12.16	4.37
5.29%	3.20%	1.75%	5.06%	1.62%
0.57	0.31	1.59	0.87	0.00
1.03	0.51	1.38	1.37	0.54
1.11	3.01	2.27	0.70	0.00
8.00	7.03	6.99	8.00	2.16
0.11	0.17	0.28	0.00	0.07
0.24	0.11	0.72	0.00	1.29
0.78	2.28	0.33	0.00	2.22
0.82	0.29	1.47	0.00	0.04
0.18	2.62	3.66	13.84	4.58
2.13	5.47	6.46	13.84	8.20

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.56%	1.74%	1.73%	1.23%
Direct wages	15.70	15.35	16.72	15.58
General factory salaries and wages	2.47	1.82	3.19	3.60
Packing, shipping and delivery wages	0.81	0.72	0.82	0.60
Payroll taxes	1.52	1.45	2.03	1.60
Employee benefits	2.52	2.42	3.15	2.81
TOTAL FACTORY PAYROLL	24.58	23.50	27.64	25.42
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.35	0.28	0.32	0.27
Depreciation - other	2.99	2.85	3.39	3.47
Taxes - real estate	0.23	0.22	0.32	0.19
Taxes - other	0.15	0.12	0.17	0.19
Insurance	0.23	0.27	0.19	0.18
Building rent	0.60	0.68	0.44	0.22
Utilities - heat, light, etc.	1.34	1.20	1.85	1.68
Equipment rental	0.27	0.24	0.46	0.34
Total Fixed Expenses	6.16	5.86	7.14	6.54
Other Expenses				
Factory supplies and expense	2.11	1.99	2.97	2.73
Packing, shipping and delivery expense	0.86	0.68	0.89	1.36
Repairs and maintenance	1.45	1.50	1.75	1.59
Other factory expenses	0.69	0.53	0.83	1.04
Total Other Expenses	5.11	4.70	6.44	6.72
TOTAL FACTORY EXPENSES	11.27	10.56	13.58	13.26
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.26	1.29	1.28	1.22
Salaries - office	1.45	1.39	1.32	1.21
Payroll taxes	0.17	0.19	0.17	0.14
Employee benefits	0.38	0.36	0.43	0.45
Bad debts	0.37	0.25	0.52	0.37
Office supplies and expenses	0.26	0.23	0.26	0.27
Professional fees	0.36	0.37	0.44	0.37
Taxes - business	0.08	0.08	0.07	0.11
Telephone	0.29	0.28	0.24	0.18
Other administrative expenses	1.13	1.12	0.94	0.70
TOTAL ADMINISTRATIVE EXPENSES	5.75	5.56	5.67	5.02
SELLING EXPENSES				
Salaries - executive	0.79	0.83	0.60	0.86
Salaries and commissions - salesmen	4.07	3.38	1.36	0.96
Salaries - sales office clerical	0.76	0.95	0.65	0.44
Payroll taxes	0.25	0.29	0.16	0.09
Employee benefits	0.40	0.48	0.26	0.20
Advertising	0.30	0.26	0.19	0.07
Travel and entertainment	0.65	0.57	0.39	0.32
Other selling expenses	0.90	1.31	0.60	0.68
TOTAL SELLING EXPENSES	8.12	8.07	4.21	3.62

** Sample insufficient for Profit Leaders.

NEWSPAPER**	DIRECT MAIL-CATALOG**	BOOK		PACKAGING**
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
0.32%	0.74%	2.67%	1.80%	1.82%
16.01	15.02	16.84	14.08	18.03
1.47	2.93	3.33	1.65	1.73
0.67	0.03	0.73	0.58	0.80
1.70	2.72	2.31	1.46	1.39
2.31	2.28	3.43	2.33	4.53
22.48	23.72	29.31	21.90	28.30
0.37	0.12	0.31	0.22	0.20
2.60	3.12	2.08	2.75	1.71
0.08	0.46	0.24	0.27	0.63
0.15	0.23	0.27	0.02	0.17
0.22	0.14	0.12	0.05	0.13
0.22	0.47	0.09	0.10	0.70
1.29	1.20	1.52	1.77	1.29
0.03	0.73	0.64	0.33	0.05
4.96	6.47	5.27	5.51	4.88
2.61	2.70	3.60	2.62	1.94
0.71	1.09	0.66	0.33	0.83
1.81	1.59	1.94	1.57	1.88
0.26	(0.03)	0.61	0.47	3.23
5.39	5.35	6.81	4.99	7.88
10.35	11.82	12.08	10.50	12.76
1.55	0.52	1.39	2.29	0.69
0.92	0.75	1.87	1.09	1.74
0.08	0.15	0.25	0.15	0.16
0.27	0.34	0.48	0.33	0.32
0.40	0.16	0.20	0.22	0.10
0.31	0.18	0.28	0.19	0.09
0.29	0.26	0.53	0.37	0.20
0.15	0.44	0.36	0.00	0.00
0.27	0.31	0.28	0.31	0.29
0.11	0.80	1.22	0.65	1.56
4.35	3.91	6.86	5.60	5.15
0.25	0.67	0.81	1.08	1.11
1.92	1.22	2.90	3.08	2.98
0.07	2.44	0.98	0.72	1.18
0.02	0.30	0.30	0.31	0.29
0.08	0.26	0.42	0.29	0.48
0.04	0.26	0.13	0.03	0.58
0.48	0.41	0.66	1.28	1.25
0.07	0.12	1.12	0.21	1.31
2.93	5.68	7.32	7.00	9.18

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
ASSETS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
CURRENT ASSETS				
Cash	4.13%	7.42%	3.61%	6.08%
Receivables	32.36	31.30	26.58	23.92
Inventories	15.02	12.80	15.33	12.30
Other current assets	3.39	4.51	4.68	8.32
TOTAL CURRENT ASSETS	54.90	56.03	50.20	50.62
FIXED ASSETS				
Real estate	13.75	10.60	12.99	12.32
Less: Accumulated depreciation	3.42	2.14	4.12	3.68
	10.33	8.46	8.87	8.64
Machinery and equipment	56.88	52.11	71.89	69.70
Less: Accumulated depreciation	27.22	24.04	35.38	32.10
	29.66	28.07	36.51	37.60
Other fixed assets	5.02	5.93	3.04	1.23
Less: Accumulated depreciation	2.40	2.54	1.34	0.72
	2.62	3.39	1.70	0.51
NET FIXED ASSETS	42.61	39.92	47.08	46.75
OTHER ASSETS	2.49	4.05	2.72	2.63
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	7.80	2.58	7.38	4.50
Accounts payable	12.92	11.58	11.16	8.30
Other current liabilities	10.41	11.78	8.21	7.07
TOTAL CURRENT LIABILITIES	31.13	25.94	26.75	19.87
LONG-TERM LIABILITIES	26.72	20.97	31.54	28.83
TOTAL LIABILITIES	57.85	46.91	58.29	48.70
SHAREHOLDERS' AND PROPRIETORS' EQUITY	42.15	53.09	41.71	51.30
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.76	2.16	1.88	2.55
QUICK RATIO	1.28	1.67	1.30	1.93
TOTAL LIABILITIES TO EQUITY	1.37	0.88	1.40	0.95
LONG-TERM LIABILITIES TO EQUITY	0.63	0.39	0.76	0.56
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.48	0.46	0.49	0.46

** Sample insufficient for Profit Leaders.

NEWSPAPER**	DIRECT MAIL-CATALOG**	BOOK		PACKAGING**
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
3.68%	3.62%	3.79%	3.65%	1.07%
26.18	41.28	33.39	35.70	23.50
23.98	18.27	17.13	19.75	26.85
0.74	1.64	6.78	5.80	0.80
54.58	64.81	61.09	64.90	52.22
17.70	8.47	21.61	8.73	34.37
5.35	4.12	7.02	3.10	6.53
12.35	4.35	14.59	5.63	27.84
47.75	67.66	47.34	41.03	39.44
28.78	39.61	28.13	17.67	23.01
18.97	28.05	19.21	23.36	16.43
1.96	4.05	3.19	9.90	2.92
1.48	1.95	1.71	4.57	1.63
0.48	2.10	1.48	5.33	1.29
31.80	34.50	35.28	34.32	45.56
13.62	0.69	3.63	0.78	2.22
100.00	100.00	100.00	100.00	100.00
17.62	7.93	3.82	0.48	0.00
16.57	18.59	9.59	16.63	12.52
5.85	7.01	15.18	18.57	15.96
40.04	33.53	28.59	35.68	28.48
23.72	47.43	22.62	16.00	25.99
63.76	80.96	51.21	51.68	54.47
36.24	19.04	48.79	48.32	45.53
100.00	100.00	100.00	100.00	100.00
1.36	1.93	2.14	1.82	1.83
0.76	1.39	1.54	1.27	0.89
1.76	4.25	1.05	1.07	1.20
0.65	2.49	0.46	0.33	0.57
0.60	0.59	0.59	0.43	0.58

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 58,085	$ 58,883	$ 53,034	$ 57,657
Average assets per factory employee (Excluding Executives)	75,606	75,191	63,365	66,786
Average net worth per employee - All employees	23,403	30,211	21,816	29,935
Average gross plant investment per factory employee (Excluding Executives)	56,147	51,396	54,636	55,784
Net worth percentage of fixed assets	112.79%	147.11%	98.49%	123.86%
EMPLOYEES				
Percent factory - All employees	81.56%	82.64%	87.30%	89.24%
Percent administrative - All employees	8.50	7.65	7.59	6.73
Percent sales - All employees	9.94	9.71	5.11	4.03
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 103,182	$ 104,364	$ 87,496	$ 89,942
Sales per factory employee	127,644	126,726	100,966	101,595
Sales less material per factory employee	71,631	74,151	58,559	59,419
Sales per administrative employee	1,414,110	1,633,397	1,324,262	1,582,503
EXCLUDING EXECUTIVES				
Sales per employee - All employees	109,913	111,093	92,768	94,111
Sales per factory employee	133,865	133,269	105,569	104,852
Sales less material per factory employee	75,130	78,177	61,214	61,340
SALES PER SALESMAN	1,397,697	1,470,366	3,313,455	3,881,005
SALES TO CURRENT ASSETS	356%	337%	355%	328%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	34.12%	32.66%	33.87%	30.98%
Factory payroll percentage of gross plant investment	63.76	64.02	56.02	50.02
Payroll per employee - All employees	$ 33,848	$ 32,037	$ 28,844	$ 27,590
Payroll per factory employee	30,016	28,224	27,144	25,263
Payroll per administrative employee	39,678	41,862	37,938	42,522
Payroll per sales employee	65,993	61,195	65,364	68,470
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 26,623	$ 24,716	$ 21,920	$ 20,939
Payroll per factory employee	24,290	22,587	21,495	20,422
Payroll per administrative employee	20,496	20,176	19,043	20,108
Payroll per sales employee	57,167	50,626	45,006	34,923
EXECUTIVE PAYROLL				
Payroll per executive - All executives	72,813	68,468	72,200	77,906
Payroll per factory executive	47,788	47,787	42,019	42,765
Payroll per administrative executive	99,101	103,689	98,590	113,448
Payroll per sales executive	87,056	88,413	78,743	122,029
RECEIVABLES				
Collection period	66.6	66.2	58.5	57.4
PROFIT				
Gross profit percentage of sales	21.47%	26.42%	17.73%	20.88%
Average gross profit per factory employee	$ 28,670	$ 34,813	$ 18,374	$ 21,723
Income before taxes percentage of sales	6.34%	12.46%	6.89%	12.31%
Average income before taxes per employee	$ 6,646	$ 12,764	$ 6,088	$ 10,893

** Sample insufficient for Profit Leaders.

NEWSPAPER**	DIRECT MAIL-CATALOG**	BOOK		PACKAGING**
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 60,978	$ 74,910	$ 39,676	$ 60,891	$ 42,270
70,531	89,551	50,890	77,564	52,126
24,667	10,894	19,961	30,293	19,613
49,854	72,074	35,578	50,924	38,018
112.34%	69.22%	150.53%	152.17%	99.87%
86.48%	83.01%	83.53%	83.33%	83.34%
7.77	5.31	8.36	8.30	6.49
5.75	11.68	8.11	8.37	10.17
$ 120,998	$ 134,067	$ 70,716	$ 107,201	$ 65,128
139,476	160,890	84,952	128,642	78,044
65,439	80,838	50,590	73,638	46,723
1,573,993	3,328,125	953,924	1,656,627	1,063,054
124,977	139,343	76,665	117,167	69,032
140,381	165,942	90,659	137,472	81,369
65,866	83,951	54,077	78,817	48,844
1,723,114	4,808,255	1,553,722	1,592,271	1,207,081
410%	299%	310%	290%	321%
27.62%	30.37%	38.72%	31.25%	37.25%
75.47	59.55	83.34	96.71	60.70
$ 33,608	$ 39,393	$ 26,177	$ 33,434	$ 24,159
31,823	38,062	23,650	28,117	22,132
43,992	45,052	36,385	64,656	26,944
53,383	45,161	47,977	83,642	37,730
$ 26,144	$ 30,451	$ 19,452	$ 24,855	$ 18,350
25,635	29,812	18,032	22,450	16,824
20,198	25,756	18,592	19,633	19,121
45,400	36,425	35,916	62,608	28,870
83,350	63,402	45,753	65,381	41,197
66,577	44,731	36,993	36,433	37,105
87,303	103,083	59,271	107,581	41,213
48,752	64,291	74,889	130,000	66,030
44.4	79.7	67.7	67.6	53.0
13.33%	15.12%	19.38%	24.90%	19.10%
$ 19,148	$ 25,032	$ 18,101	$ 34,251	$ 15,467
3.97%	5.25%	5.38%	12.16%	4.37%
$ 5,317	$ 6,943	$ 4,396	$ 13,032	$ 2,922

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 2.47	$ 4.54	$ 2.48	$ 4.16
Receivables	17.83	17.73	15.42	15.15
Inventories	8.08	6.93	8.74	7.71
Marketable securities	1.04	2.29	1.53	2.87
Other current assets	1.15	0.90	1.68	3.08
	30.57	32.39	29.85	32.97
Plant Investment:				
Land and building	7.90	6.38	8.11	7.72
Machinery and equipment	31.93	30.11	43.06	45.06
Other fixed assets	2.62	3.00	1.72	0.69
	42.45	39.49	52.89	53.47
Non-Current Assets	1.63	2.50	1.93	1.88
TOTAL INVESTMENT	74.65	74.38	84.67	88.32
INVESTMENT TURNOVER PER $100 OF SALES	133.96%	134.44%	118.11%	113.22%
EARNINGS				
Cost of Product	$78.53	$73.58	$82.27	$79.12
Selling Expenses	8.12	8.07	4.21	3.62
Administrative Expenses	5.75	5.56	5.67	5.02
	92.40	87.21	92.15	87.76
Income Before Interest, Other Income, and Taxes	7.60	12.79	7.85	12.24
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	10.18%	17.19%	9.27%	13.86%

** Sample insufficient for Profit Leaders.

NEWSPAPER**	DIRECT MAIL-CATALOG**	BOOK		PACKAGING**
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 1.70	$ 2.06	$ 2.15	$ 2.22	$ 0.52
11.66	21.69	17.59	17.93	14.39
10.58	9.41	9.05	10.57	18.11
0.00	0.00	2.76	4.05	0.00
0.43	0.68	1.41	0.10	0.40
24.37	33.84	32.96	34.87	33.42
8.48	5.66	12.30	5.98	21.14
23.67	36.06	25.60	24.73	24.10
0.89	1.66	1.96	6.49	1.42
33.04	43.38	39.86	37.20	46.66
7.87	0.28	2.41	0.54	1.08
65.28	77.50	75.23	72.61	81.16
153.19%	129.03%	132.93%	137.72%	123.21%
$86.67	$84.88	$80.62	$75.10	$80.90
2.93	5.68	7.32	7.00	9.18
4.35	3.91	6.86	5.60	5.15
93.95	94.47	94.80	87.70	95.23
6.05	5.53	5.20	12.30	4.77
9.27%	7.14%	6.91%	16.94%	5.88%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	141	$16,001,000	$27,115,000	$1,831,000
TOTAL - PROFIT LEADERS*	46	19,131,000	31,834,000	3,814,000
BY SIZE OF FIRM				
ALL FIRMS				
$10,000,000-$20,000,000	71	7,882,000	13,980,000	752,000
$20,000,000-$40,000,000	49	16,392,000	27,425,000	1,834,000
$40,000,000-$80,000,000	15	27,808,000	50,107,000	3,461,000
$80,000,000-$160,000,000	5	69,103,000	92,786,000	6,754,000
PROFIT LEADERS				
$10,000,000-$20,000,000	19	8,343,000	13,886,000	1,719,000
$20,000,000-$40,000,000	19	18,868,000	27,781,000	3,535,000
$40,000,000-$80,000,000	6	26,406,000	47,885,000	5,267,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	81	13,115,000	23,534,000	1,493,000
Magazine and Periodical	29	26,453,000	41,979,000	3,547,000
Newspaper	2	10,729,000	21,916,000	913,000
Direct Mail - Catalog	2	30,975,000	49,535,000	2,445,000
Book	11	10,232,000	17,830,000	1,011,000
Packaging	2	7,872,000	12,830,000	535,000
PROFIT LEADERS				
Commercial and Advertising	29	12,279,000	21,769,000	2,700,000
Magazine and Periodical	12	35,574,000	60,139,000	6,983,000
Book	2	10,995,000	18,392,000	2,228,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 35.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services

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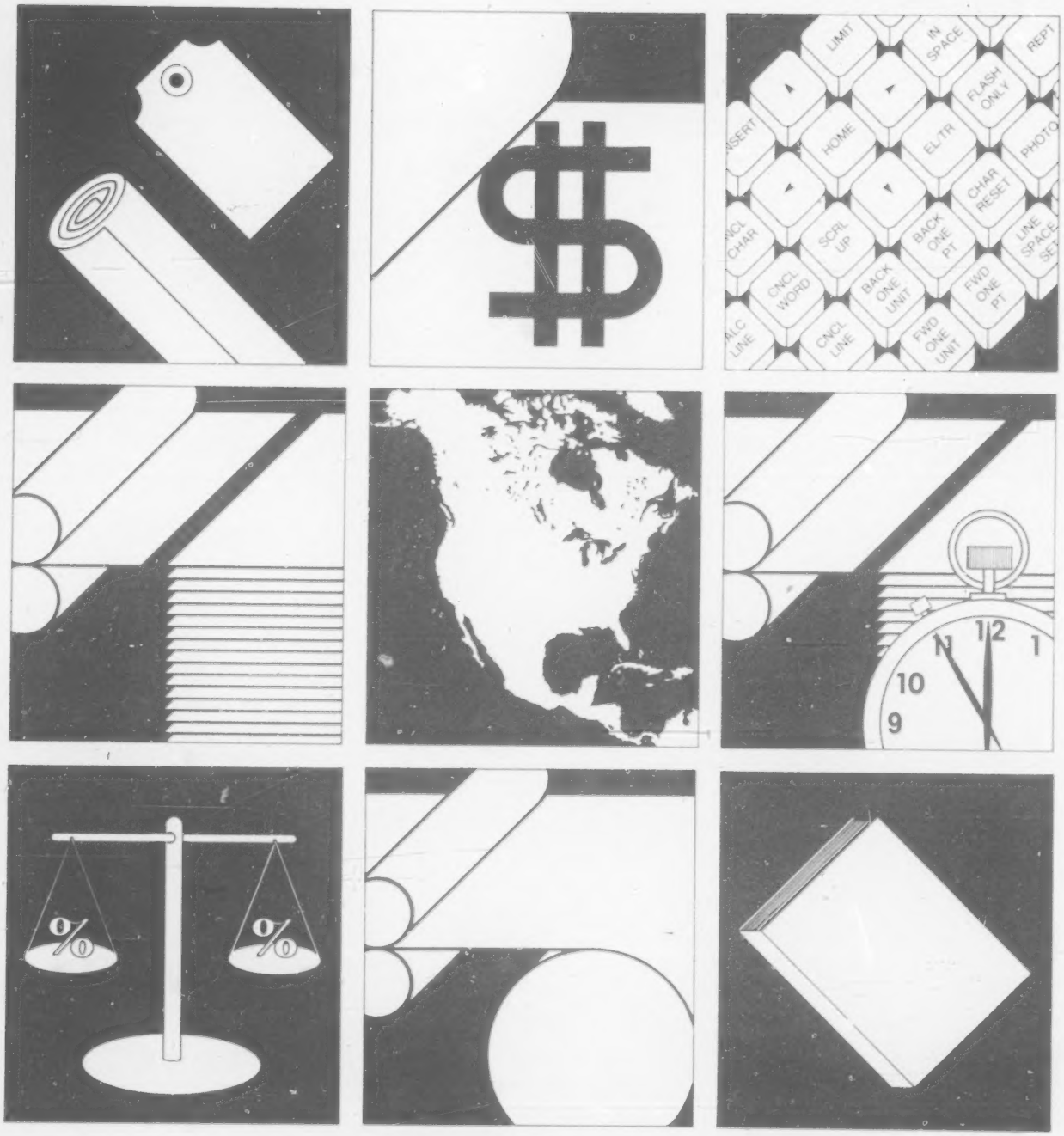
Printing Industries of America, Inc.

1984 Financial Ratios



Volume XI
Typographers' Ratios

ABOUT PIA . . .

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial service package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Microcomputer Seminars

For further information, contact:

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Director, PIA Financial Services
1730 North Lynn Street
Arlington, Virginia 22209
703/841-4805

PIA's Education and Publication Group is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980s (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981-82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation
- 1984 Executive Compensation Report

These books are available through PIA Affiliated Associations' Graphic Arts Bookstores. For further information, contact:

Printing Industries of America, Inc.
Margaret A. Hogue, Director of Editorial Services
1730 North Lynn Street
Arlington, Virginia 22209
(703) 841-8144

61ST annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1984 FINANCIAL RATIOS

TYPOGRAPHERS

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PRINTING INDUSTRIES OF AMERICA, INC.

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1730 North Lynn Street
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Printed in U.S.A.

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1730 North Lynn Street, Arlington, VA 22209 (703) 841-4805

Dear Colleague:

1984 is the 61st year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the U.S. and Canadian graphic arts industries. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the U.S. and Canadian printing industry, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1984 FINANCIAL RATIO FOR TYPOGRAPHERS who participated in the 1984 Ratio Studies. This Ratio Study was developed on the basis of questionnaires volunteered by 31 firms and presents the ratios and statistics of typographers by sales volume and market.

Thus, the user of the report can direct himself to the standards for his sales size — for example, sales to $500,000, sales from $500,000 to $1,500,000 etc.; and market — for example, Printers and Lithographers, Advertising Agencies, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms in four areas: Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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The National Composition Association, a special industry group of PIA, represents over 750 firms in the typesetting industry.

NCA provides extensive technical and managerial information on photocomposition, word processing, computers and pre-press systems. NCA Reports, a three-ring updatable binder of over 250 pages of information, is issued to all members and kept up-to-date with supplements. Type-X, the NCA Annual Convention and trade show is a unique opportunity to study the technology of photocomposition intently with both seminar and hands-on demonstrations. NCA NewsLine, a monthly newsletter, briefly and concisely summarizes industry developments. An Annual Awards Competition, the Typographic Excellence Awards Competition, recognizes outstanding examples of production excellence. The NCA library of publications and cassette tapes now contain over 100 titles on all facets of typesetting. To evaluate production efficiency with industry averages, NCA has introduced Benchmark Reports, a standardized text, with a computerized tabulation program. NCA Seminars are noted for in-depth presentation by knowledgeable and authoritative speakers. The NCA Research and Education Fund has been established to work in those areas that are important to the industry, but have no prospect of generating revenues to off-set costs.

NCA is governed by its own Board of Directors and Officers and is a self-supporting contributor to the efforts of the Printing Industries of America and its affiliated local organizations. We are pleased to endorse the PIA Ratio Reports and encourage participation in this vital program.

Tina H. Allman
Executive Director
National Composition Association
(703) 841-8165

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	2.40	3.39	1.82	2.99
Other chargeable materials	5.67	1.75	8.37	0.16
Outside services	3.12	1.63	2.61	1.21
TOTAL MATERIALS	11.19	6.77	12.80	4.36
FACTORY PAYROLL	43.40	42.11	40.73	46.14
FACTORY EXPENSES	17.07	12.90	20.11	13.75
TOTAL FACTORY COST OF PRODUCT	71.66	61.78	73.64	64.25
GROSS PROFIT	28.34	38.22	26.36	35.75
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	21.20	15.43	29.28	16.53
Selling expenses	8.23	7.42	4.50	5.83
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	29.43	22.85	33.78	22.36
INCOME (LOSS) BEFORE INTEREST EXPENSE	(1.09)	15.37	(7.42)	13.39
Interest expense	2.45	2.14	2.43	2.30
OPERATING INCOME (LOSS)	(3.54)	13.23	(9.85)	11.09
Other income (expense)	0.36	0.12	0.06	0.00
INCOME (LOSS) BEFORE INCOME TAXES	(3.18)	13.35	(9.79)	11.09

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	0.05%	0.09%	0.00%	
Film	4.18	1.53	0.24	
Plates	0.07	0.13	0.00	
Other chargeable materials	1.37	0.00	8.13	
TOTAL OTHER CHARGEABLE MATERIALS	5.67	1.75	8.37	***
OUTSIDE SERVICES				
Composition	0.49	0.41	0.40	0.91%
Offset preparation	0.54	0.39	0.00	0.00
Printing	0.81	0.09	0.16	0.00
Binding	0.03	0.10	0.00	0.00
Other outside services	1.25	0.64	2.05	0.30
TOTAL OUTSIDE SERVICES	3.12	1.63	2.61	1.21

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.
*** Information not submitted.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%
3.26	1.60	0.45	3.84	5.76
3.64	1.42	5.57	3.16	4.46
4.05	0.46	1.62	3.44	3.42
10.95	3.48	7.64	10.44	13.64
42.76	40.93	52.17	44.99	37.25
15.54	11.37	14.59	14.32	13.17
69.25	55.78	74.40	69.75	64.06
30.75	44.22	25.60	30.25	35.94
18.10	17.55	13.45	11.63	11.64
9.63	7.15	12.42	11.93	10.09
27.73	24.70	25.87	23.56	21.73
3.02	19.52	(0.27)	6.69	14.21
2.08	0.89	3.54	2.58	3.14
0.94	18.63	(3.81)	4.11	11.07
0.43	(0.18)	1.13	0.27	0.57
1.37	18.45	(2.68)	4.38	11.64
0.00%		0.00%	0.16%	0.24%
3.19		4.62	2.78	3.90
0.00		0.00	0.22	0.32
0.45		0.95	0.00	0.00
3.64	***	5.57	3.16	4.46
0.07		0.82	1.16	0.00
1.16		0.00	0.82	1.24
2.01		0.00	0.19	0.29
0.00		0.00	0.21	0.31
0.81		0.80	1.06	1.58
4.05	***	1.62	3.44	3.42

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	4.01%	5.16%	3.88%	8.03%
Direct wages	28.70	27.50	27.55	28.82
General factory salaries and wages	3.46	3.35	3.42	2.15
Packing, shipping and delivery wages	1.12	1.12	0.98	1.84
Payroll taxes	3.12	2.52	2.64	2.37
Employee benefits	2.99	2.46	2.26	2.93
TOTAL FACTORY PAYROLL	43.40	42.11	40.73	46.14
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.22	0.12	0.00	0.00
Depreciation - other	4.48	3.79	5.60	4.04
Taxes - real estate	0.05	0.16	0.02	0.00
Taxes - other	0.17	0.17	0.28	0.25
Insurance	0.76	0.54	0.98	0.73
Building rent	2.20	1.42	3.10	2.26
Utilities - heat, light, etc.	1.08	0.85	0.91	0.57
Equipment rental	2.27	0.46	2.03	0.00
Total Fixed Expenses	11.23	7.51	12.92	7.85
Other Expenses				
Factory supplies and expense	2.06	2.39	2.11	2.72
Packing, shipping and delivery expense	1.20	1.04	1.20	0.96
Repairs and maintenance	1.76	1.69	2.09	2.01
Other factory expenses	0.82	0.27	1.79	0.21
Total Other Expenses	5.84	5.39	7.19	5.90
TOTAL FACTORY EXPENSES	17.07	12.90	20.11	13.75
ADMINISTRATIVE EXPENSES				
Salaries - executive	7.95	5.04	12.28	6.50
Salaries - office	4.06	3.54	5.59	4.22
Payroll taxes	1.06	0.62	1.85	0.61
Employee benefits	1.03	0.86	1.38	0.86
Bad debts	0.80	0.36	0.81	0.51
Office supplies and expenses	0.98	1.10	1.15	1.02
Professional fees	0.97	0.83	0.81	0.59
Taxes - business	0.33	0.30	0.57	0.58
Telephone	1.01	0.96	1.27	1.11
Other administrative expenses	3.01	1.82	3.57	0.53
TOTAL ADMINISTRATIVE EXPENSES	21.20	15.43	29.28	16.53
SELLING EXPENSES				
Salaries - executive	1.54	1.63	1.60	3.01
Salaries and commissions - salesmen	2.87	2.43	0.77	1.00
Salaries - sales office clerical	0.67	0.81	0.00	0.00
Payroll taxes	0.32	0.34	0.16	0.34
Employee benefits	0.39	0.35	0.09	0.27
Advertising	0.91	0.62	1.35	0.69
Travel and entertainment	0.99	1.00	0.41	0.52
Other selling expenses	0.54	0.24	0.12	0.00
TOTAL SELLING EXPENSES	8.23	7.42	4.50	5.83

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
3.54%	2.95%	5.09%	4.94%	3.05%
28.72	26.24	31.50	29.50	26.80
3.11	5.85	5.33	2.51	2.66
1.24	0.85	1.58	0.61	0.31
3.40	2.44	3.74	3.10	2.83
2.75	2.60	4.93	4.33	1.60
42.76	40.93	52.17	44.99	37.25
0.30	0.42	0.58	0.28	0.00
4.07	3.15	2.35	4.49	4.07
0.06	0.38	0.00	0.19	0.20
0.09	0.04	0.04	0.24	0.19
0.71	0.38	0.56	0.31	0.42
1.72	0.60	1.82	1.01	0.96
1.05	0.36	1.41	1.49	1.75
3.21	1.51	1.77	0.12	0.09
11.21	6.84	8.53	8.13	7.68
1.85	2.61	1.91	2.92	1.69
0.80	0.82	2.60	0.92	1.37
1.50	0.93	1.37	2.03	1.95
0.18	0.17	0.18	0.32	0.48
4.33	4.53	6.06	6.19	5.49
15.54	11.37	14.59	14.32	13.17
6.35	5.10	3.65	2.69	2.72
3.16	2.89	3.28	2.59	3.17
0.61	0.85	0.56	0.36	0.41
0.79	1.20	1.03	0.64	0.53
1.04	0.08	0.24	0.52	0.42
1.09	1.69	0.56	0.46	0.64
1.09	1.33	1.21	0.84	0.70
0.25	0.19	0.11	0.02	0.00
0.82	0.65	0.82	0.95	1.04
2.90	3.57	1.99	2.56	2.01
18.10	17.55	13.45	11.63	11.64
1.04	0.00	1.95	2.70	1.19
3.90	3.73	5.76	3.45	3.27
0.86	0.53	1.06	2.03	2.30
0.38	0.25	0.45	0.55	0.45
0.46	0.47	0.54	1.08	0.35
0.72	0.87	0.64	0.23	0.28
1.37	1.30	1.49	1.10	1.41
0.90	0.00	0.53	0.79	0.84
9.63	7.15	12.42	11.93	10.09

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $500,000	
ASSETS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
CURRENT ASSETS				
Cash	7.67%	15.67%	11.86%	17.18%
Receivables	34.43	21.23	28.86	18.61
Inventories	6.96	8.48	2.12	0.26
Other current assets	8.00	11.80	7.24	8.43
TOTAL CURRENT ASSETS	57.06	57.18	50.08	44.48
FIXED ASSETS				
Real estate	6.02	3.83	0.00	0.00
Less: Accumulated depreciation	1.78	0.47	0.00	0.00
	4.24	3.36	0.00	0.00
Machinery and equipment	61.58	54.31	70.17	70.83
Less: Accumulated depreciation	31.24	23.10	28.32	24.58
	30.34	31.21	41.85	46.25
Other fixed assets	8.92	6.03	8.67	1.64
Less: Accumulated depreciation	4.23	2.46	3.44	0.99
	4.69	3.57	5.23	0.65
NET FIXED ASSETS	39.27	38.14	47.08	46.90
OTHER ASSETS	3.67	4.68	2.84	8.62
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	11.57	12.04	10.33	16.11
Accounts payable	11.06	8.88	11.70	12.50
Other current liabilities	10.56	9.04	4.36	1.78
TOTAL CURRENT LIABILITIES	33.19	29.96	26.39	30.39
LONG-TERM LIABILITIES	32.00	17.73	41.97	20.40
TOTAL LIABILITIES	65.19	47.69	68.36	50.79
SHAREHOLDERS' AND PROPRIETORS' EQUITY	34.81	52.31	31.64	49.21
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.72	1.91	1.90	1.46
QUICK RATIO	1.51	1.63	1.82	1.46
TOTAL LIABILITIES TO EQUITY	1.87	0.91	2.16	1.03
LONG-TERM LIABILITIES TO EQUITY	0.92	0.34	1.33	0.41
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.51	0.43	0.40	0.35

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
6.28%	25.21%	1.96%	4.11%	3.89%
42.98	18.30	33.09	24.30	28.13
3.72	4.16	20.27	21.60	25.12
7.80	26.07	15.32	2.01	2.56
60.78	73.74	70.64	52.02	59.70
8.08	8.63	12.82	12.76	4.79
3.86	1.36	1.60	0.83	0.30
4.22	7.27	11.22	11.93	4.49
60.85	34.54	47.22	49.28	49.28
35.42	17.88	32.14	24.91	26.10
25.43	16.66	15.08	24.37	23.18
7.32	1.95	8.48	16.90	16.71
3.38	1.02	6.81	7.39	6.12
3.94	0.93	1.67	9.51	10.59
33.59	24.86	27.97	45.81	38.26
5.63	1.40	1.39	2.17	2.04
100.00	100.00	100.00	100.00	100.00
12.32	2.28	12.46	12.34	15.68
11.76	4.39	9.84	7.30	7.95
11.41	9.71	22.59	15.99	19.26
35.49	16.38	44.89	35.63	42.89
24.75	10.14	28.74	25.46	21.30
60.24	26.52	73.63	61.09	64.19
39.76	73.48	26.37	38.91	35.81
100.00	100.00	100.00	100.00	100.00
1.71	4.50	1.57	1.46	1.39
1.61	4.25	1.12	0.85	0.81
1.52	0.36	2.79	1.57	1.79
0.62	0.14	1.09	0.65	0.59
0.58	0.52	0.68	0.51	0.53

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 22,153	$ 36,983	$ 16,985	$ 15,789
Average assets per factory employee (Excluding Executives)	31,529	52,026	25,854	24,978
Average net worth per employee - All employees	9,384	22,501	5,372	7,609
Average gross plant investment per factory employee (Excluding Executives)	22,510	27,284	20,089	18,226
Net worth percentage of fixed assets	125.76%	173.76%	121.38%	134.30%
EMPLOYEES				
Percent factory - All employees	75.18%	77.01%	69.87%	75.00%
Percent administrative - All employees	17.43	15.22	26.10	18.65
Percent sales - All employees	7.39	7.77	4.03	6.35
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 37,098	$ 41,537	$ 32,359	$ 32,047
Sales per factory employee	50,419	53,874	48,474	42,729
Sales less material per factory employee	44,659	50,002	42,564	40,953
Sales per administrative employee	269,505	303,634	113,308	180,716
EXCLUDING EXECUTIVES				
Sales per employee - All employees	43,840	48,496	42,166	42,905
Sales per factory employee	53,882	59,063	51,818	51,054
Sales less material per factory employee	47,758	54,956	45,570	48,980
SALES PER SALESMAN	563,464	285,773	89,154	64,802
SALES TO CURRENT ASSETS	434%	341%	546%	508%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	63.30%	57.73%	64.46%	62.96%
Factory payroll percentage of gross plant investment	138.40	112.16	121.09	144.72
Payroll per employee - All employees	$ 22,721	$ 23,545	$ 20,296	$ 20,238
Payroll per factory employee	21,350	22,324	19,411	19,689
Payroll per administrative employee	27,111	27,339	19,537	20,687
Payroll per sales employee	24,393	23,047	11,257	17,272
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 17,377	$ 18,537	$ 15,492	$ 15,689
Payroll per factory employee	17,545	18,713	16,348	16,372
Payroll per administrative employee	12,500	14,386	8,163	11,550
Payroll per sales employee	14,428	14,122	1,915	3,695
EXECUTIVE PAYROLL				
Payroll per executive - All executives	34,089	39,780	24,124	24,177
Payroll per factory executive	21,219	20,497	13,490	22,793
Payroll per administrative executive	34,215	44,232	21,113	25,835
Payroll per sales executive	21,155	32,999	11,486	16,082
RECEIVABLES				
Collection period	62.7	57.5	56.0	37.2
PROFIT				
Gross profit percentage of sales	28.34%	38.22%	26.36%	35.75%
Average gross profit per factory employee	$ 15,655	$ 22,595	$ 14,133	$ 18,071
Income (loss) before taxes percentage of sales	(3.18)%	13.35%	(9.79)%	11.09%
Average income (loss) before taxes per employee	$ (548)	$ 5,667	$ (3,074)	$ 3,495

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 25,443	$ 74,316	$ 23,980	$ 27,226	$ 31,442
35,266	103,557	33,667	36,435	41,066
14,359	57,143	6,317	9,625	10,198
23,540	40,308	23,168	27,194	27,847
132.93%	307.92%	143.84%	90.55%	98.80%
78.64%	77.81%	78.13%	78.67%	79.24%
12.38	14.78	12.97	8.92	10.51
8.98	7.41	8.90	12.41	10.25
$ 39,418	$ 48,416	$ 40,151	$ 42,701	$ 48,893
50,935	62,895	51,960	54,082	61,571
44,932	60,712	47,806	47,753	52,866
355,956	327,658	316,527	485,792	463,989
44,018	53,185	45,765	47,263	52,193
53,569	65,128	57,959	57,953	65,012
47,195	62,866	53,314	51,362	56,009
283,677	156,836	489,874	1,567,841	635,683
408%	153%	251%	332%	279%
60.31%	55.97%	70.45%	61.08%	51.64%
164.43	86.91	146.18	93.19	88.58
$ 22,996	$ 27,171	$ 27,712	$ 24,664	$ 24,878
21,166	25,978	26,507	22,967	22,624
34,683	33,000	24,787	30,219	31,656
28,756	16,536	43,428	34,107	38,222
$ 17,388	$ 21,318	$ 21,811	$ 18,964	$ 20,027
17,192	21,614	21,484	18,488	19,325
15,196	15,380	13,084	18,290	17,647
16,802	14,135	36,693	25,293	29,751
39,404	43,699	37,140	48,621	59,265
25,243	22,262	32,708	20,723	15,286
39,044	42,109	42,084	56,816	73,952
10,949	0	44,795	69,138	91,373
68.6	80.1	69.6	56.5	65.2
30.75%	44.22%	25.60%	30.25%	35.94%
$ 16,598	$ 28,549	$ 15,357	$ 18,373	$ 23,426
1.37%	18.45%	(2.68)%	4.38%	11.64%
$ 1.186	$ 8,872	$ (673)	$ 2,789	$ 5,720

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 3.95	$11.19	$ 4.18	$ 7.81
Receivables	16.85	15.43	15.04	10.02
Inventories	4.23	5.83	1.18	0.09
Marketable securities	5.22	18.00	2.09	2.77
Other current assets	2.43	2.13	1.90	1.19
	32.68	52.58	24.39	21.88
Plant Investment:				
Land and building	5.74	7.17	0.00	0.00
Machinery and equipment	32.47	33.47	34.58	36.61
Other fixed assets	4.95	4.86	4.64	1.29
	43.16	45.50	39.22	37.90
Non-Current Assets	2.17	3.63	1.65	5.24
TOTAL INVESTMENT	78.01	101.71	65.26	65.02
INVESTMENT TURNOVER PER $100 OF SALES	128.19%	98.32%	153.23%	153.80%
EARNINGS				
Cost of Product	$71.66	$61.78	$73.64	$64.25
Selling Expenses	8.23	7.42	4.50	5.83
Administrative Expenses	21.20	15.43	29.28	16.53
	101.09	84.63	107.42	86.61
Income (loss) Before Interest, Other Income (Expense), and Taxes	(1.09)	15.37	(7.42)	13.39
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME (LOSS)	(1.40)%	15.11%	(11.37)%	20.59%

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 4.99	$25.12	$ 1.25	$ 2.50	$ 2.34
18.46	21.25	18.58	15.25	17.71
2.27	5.67	12.85	12.74	14.61
10.06	58.84	4.04	0.00	0.00
1.95	3.79	6.23	1.44	1.88
37.73	114.67	42.95	31.93	36.54
7.98	21.41	14.29	8.38	3.68
32.91	33.47	27.16	29.38	28.77
4.00	4.83	4.60	10.40	10.25
44.89	59.71	46.05	48.16	42.70
3.29	3.46	0.94	1.41	1.37
85.91	177.84	89.94	81.50	80.61
116.40%	56.23%	111.19%	122.70%	124.05%
$69.25	$55.78	$74.40	$69.75	$64.06
9.63	7.15	12.42	11.93	10.09
18.10	17.55	13.45	11.63	11.64
96.98	80.48	100.27	93.31	85.79
3.02	19.52	(0.27)	6.69	14.21
3.52%	10.98%	(0.30)%	8.21%	17.63%

REPORT ON OPERATIONS - SALES = 100%

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	1.00	2.51	2.49
Other chargeable materials	1.64	0.23	3.21
Outside services	1.45	1.28	3.08
TOTAL MATERIALS	4.09	4.02	8.78
FACTORY PAYROLL	43.64	47.23	47.09
FACTORY EXPENSES	17.57	13.59	19.06
TOTAL FACTORY COST OF PRODUCT	65.30	64.84	74.93
GROSS PROFIT	34.70	35.16	25.07
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	36.50	16.97	23.19
Selling expenses	5.08	4.50	10.82
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	41.58	21.47	34.01
INCOME (LOSS) BEFORE INTEREST EXPENSE	(6.88)	13.69	(8.94)
Interest expense	0.47	0.44	4.25
OPERATING INCOME (LOSS)	(7.35)	13.25	(13.19)
Other income (expense)	(0.45)	(1.13)	1.68
INCOME (LOSS) BEFORE INCOME TAXES	(7.80)	12.12	(11.51)

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	0.00%		0.00%
Film	1.64		1.87
Plates	0.00		0.00
Other chargeable materials	0.00		1.34
TOTAL OTHER CHARGEABLE MATERIALS	1.64	***	3.21
OUTSIDE SERVICES			
Composition	1.45	1.28%	0.45
Offset preparation	0.00	0.00	0.00
Printing	0.00	0.00	0.15
Binding	0.00	0.00	0.00
Other outside services	0.00	0.00	2.48
TOTAL OUTSIDE SERVICES	1.45	1.28	3.08

** Sample insufficient for Profit Leaders.
*** Information not submitted.

PUBLISHERS		BOOKS		DIRECT BUYERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2.19	4.38	1.69	3.37	3.83	1.60
4.46	3.73	2.35	2.14	13.32	4.14
7.59	2.89	0.96	1.36	3.65	0.69
14.24	11.00	5.00	6.87	20.80	6.43
43.13	38.20	44.20	43.17	39.50	42.68
12.82	12.19	15.01	14.69	19.77	9.63
70.19	61.39	64.21	64.73	80.07	58.74
29.81	38.61	35.79	35.27	19.93	41.26
13.96	12.54	15.97	13.83	15.14	24.17
11.27	11.51	11.31	9.28	6.42	0.70
25.23	24.05	27.28	23.11	21.56	24.87
4.58	14.56	8.51	12.16	(1.63)	16.39
2.44	2.67	3.69	3.56	1.33	2.25
2.14	11.89	4.82	8.60	(2.96)	14.14
(0.16)	(0.21)	0.44	1.49	(0.20)	0.25
1.98	11.68	5.26	10.09	(3.16)	14.39

0.14%	0.39%	0.00%	0.00%	0.00%	
3.67	2.82	2.35	2.14	13.32	
0.19	0.52	0.00	0.00	0.00	
0.46	0.00	0.00	0.00	0.00	
4.46	3.73	2.35	2.14	13.32	***
0.14	0.00	0.05	0.10	0.00	
2.81	1.39	0.00	0.00	0.00	
3.90	0.32	0.00	0.00	0.00	
0.16	0.34	0.00	0.00	0.00	
0.58	0.84	0.91	1.26	3.65	
7.59	2.89	0.96	1.36	3.65	***

SUPPORTING SCHEDULES - SALES = 100%

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	5.44%	9.23%	3.67%
Direct wages	22.18	27.15	31.43
General factory salaries and wages	8.11	3.22	3.34
Packing, shipping and delivery wages	1.34	2.75	2.55
Payroll taxes	2.15	1.42	3.98
Employee benefits	4.42	3.46	2.12
TOTAL FACTORY PAYROLL	43.64	47.23	47.09
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.17	0.00	0.00
Depreciation - other	4.75	2.72	5.97
Taxes - real estate	0.04	0.00	0.00
Taxes - other	0.43	0.38	0.19
Insurance	0.45	0.70	1.03
Building rent	2.03	2.59	2.62
Utilities - heat, light, etc.	0.77	0.61	1.77
Equipment rental	2.43	0.00	2.35
Total Fixed Expenses	11.07	7.00	13.93
Other Expenses			
Factory supplies and expense	3.18	3.48	1.12
Packing, shipping and delivery expense	0.42	0.92	1.60
Repairs and maintenance	2.85	2.06	1.57
Other factory expenses	0.05	0.13	0.84
Total Other Expenses	6.50	6.59	5.13
TOTAL FACTORY EXPENSES	17.57	13.59	19.06
ADMINISTRATIVE EXPENSES			
Salaries - executive	15.72	7.23	8.93
Salaries - office	10.18	5.15	3.70
Payroll taxes	2.78	0.53	0.84
Employee benefits	1.51	1.10	0.60
Bad debts	0.36	0.41	2.04
Office supplies and expenses	0.54	0.95	1.34
Professional fees	0.63	0.06	1.14
Taxes - business	0.27	0.60	0.28
Telephone	1.02	0.89	1.17
Other administrative expenses	3.49	0.05	3.15
TOTAL ADMINISTRATIVE EXPENSES	36.50	16.97	23.19
SELLING EXPENSES			
Salaries - executive	2.53	3.47	1.00
Salaries and commissions - salesmen	0.75	0.00	4.98
Salaries - sales office clerical	0.30	0.00	0.80
Payroll taxes	0.25	0.23	0.47
Employee benefits	0.62	0.26	0.33
Advertising	0.40	0.54	0.90
Travel and entertainment	0.09	0.00	1.40
Other selling expenses	0.14	0.00	0.94
TOTAL SELLING EXPENSES	5.08	4.50	10.82

** Sample insufficient for Profit Leaders.

PUBLISHERS		BOOKS		DIRECT BUYERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
3.04%	4.56%	3.04%	4.56%	4.79%	4.79%
28.20	27.83	28.20	27.83	26.09	26.09
5.39	8.46	5.39	8.46	2.49	2.49
1.66	0.74	1.66	0.74	0.70	0.70
3.11	3.66	3.11	3.66	2.04	2.04
3.39	2.83	3.39	2.83	3.47	3.47
44.79	48.08	44.79	48.08	39.58	39.58
0.12	0.41	0.12	0.41	1.38	1.38
4.32	3.70	4.32	3.70	4.60	4.60
0.11	0.38	0.11	0.38	0.19	0.19
0.11	0.05	0.11	0.05	0.00	0.00
0.82	0.80	0.82	0.80	0.74	0.74
1.58	0.40	1.58	0.40	2.55	2.55
0.97	1.09	0.97	1.09	0.75	0.75
2.02	0.00	2.02	0.00	2.37	2.37
10.05	6.83	10.05	6.83	12.58	12.58
2.80	4.56	2.80	4.56	1.76	1.76
2.40	1.23	2.40	1.23	2.95	2.95
2.28	2.86	2.28	2.86	2.57	2.57
0.45	0.31	0.45	0.31	0.05	0.05
7.93	8.96	7.93	8.96	7.33	7.33
17.98	15.79	17.98	15.79	19.91	19.91
4.89	3.55	4.89	3.55	3.17	3.17
2.88	3.11	2.88	3.11	2.37	2.37
0.43	0.49	0.43	0.49	0.70	0.70
0.73	0.68	0.73	0.68	0.47	0.47
0.69	0.11	0.69	0.11	0.01	0.01
1.07	1.37	1.07	1.37	0.44	0.44
1.28	0.43	1.28	0.43	0.53	0.53
0.54	0.03	0.54	0.03	0.04	0.04
0.71	0.64	0.71	0.64	0.78	0.78
1.57	0.43	1.57	0.43	3.42	3.42
14.79	10.84	14.79	10.84	11.93	11.93
1.39	0.00	1.39	0.00	0.98	0.98
4.02	7.34	4.02	7.34	5.77	5.77
0.17	0.59	0.17	0.59	0.00	0.00
0.31	0.62	0.31	0.62	0.14	0.14
0.23	0.35	0.23	0.35	0.51	0.51
1.90	0.76	1.90	0.76	0.36	0.36
2.16	0.71	2.16	0.71	1.70	1.70
0.35	1.21	0.35	1.21	0.17	0.17
10.53	11.58	10.53	11.58	9.63	9.63

BALANCE SHEET

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	24.91%	22.16%	2.97%
Receivables	12.07	15.61	35.58
Inventories	3.61	0.40	4.62
Other current assets	5.83	10.65	7.90
TOTAL CURRENT ASSETS	46.42	48.82	51.07
FIXED ASSETS			
Real estate	5.74	0.00	8.29
Less: Accumulated depreciation	0.37	0.00	4.60
	5.37	0.00	3.69
Machinery and equipment	78.45	69.83	64.22
Less: Accumulated depreciation	34.83	24.77	30.41
	43.62	45.06	33.81
Other fixed assets	7.64	0.00	13.21
Less: Accumulated depreciation	5.98	0.00	4.60
	1.66	0.00	8.61
NET FIXED ASSETS	50.65	45.06	46.11
OTHER ASSETS	2.93	6.12	2.82
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	11.43	15.54	16.21
Accounts payable	9.45	18.19	11.90
Other current liabilities	2.22	0.68	7.85
TOTAL CURRENT LIABILITIES	23.10	34.41	35.96
LONG-TERM LIABILITIES	26.30	5.48	52.61
TOTAL LIABILITIES	49.40	39.89	88.57
SHAREHOLDERS' AND PROPRIETORS' EQUITY	50.60	60.11	11.43
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	2.01	1.42	1.42
QUICK RATIO	1.85	1.41	1.29
TOTAL LIABILITIES TO EQUITY	0.98	0.66	7.75
LONG-TERM LIABILITIES TO EQUITY	0.52	0.09	4.60
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.44	0.35	0.47

** Sample insufficient for Profit Leaders.

PUBLISHERS		BOOKS		DIRECT BUYERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
3.68%	7.38%	4.43%	5.87%	2.16%	19.86%
36.80	20.20	28.75	25.97	51.69	23.39
16.85	10.40	12.65	16.46	4.65	2.81
14.21	27.26	8.35	2.31	7.11	4.17
71.54	65.24	54.18	50.61	65.61	50.23
6.71	13.42	12.82	0.00	1.67	0.00
0.83	1.66	1.60	0.00	0.85	0.00
5.88	11.76	11.22	0.00	0.82	0.00
27.05	24.78	64.92	68.31	62.21	68.76
16.03	11.80	38.90	31.65	32.95	33.76
11.02	12.98	26.02	36.66	29.26	35.00
9.17	9.60	10.01	11.52	5.66	5.29
4.21	2.32	5.88	6.30	2.40	2.46
4.96	7.28	4.13	5.22	3.26	2.83
21.86	32.02	41.37	41.88	33.34	37.83
6.60	2.74	4.45	7.51	1.05	11.94
100.00	100.00	100.00	100.00	100.00	100.00
15.77	12.47	10.03	11.82	6.13	9.79
10.93	6.51	3.86	4.77	16.50	4.58
17.13	14.23	19.11	14.34	11.68	7.57
43.83	33.21	33.00	30.93	34.31	21.94
16.41	14.46	38.11	32.50	21.74	23.85
60.24	47.67	71.11	63.43	56.05	45.79
39.76	52.33	28.89	36.57	43.95	54.21
100.00	100.00	100.00	100.00	100.00	100.00
1.63	1.96	1.64	1.64	1.91	2.29
1.25	1.65	1.26	1.10	1.78	2.16
1.52	0.91	2.46	1.73	1.28	0.84
0.41	0.28	1.32	0.89	0.49	0.44
0.59	0.48	0.60	0.46	0.53	0.49

SIGNIFICANT FACTS

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 11,662	$ 13,283	$ 20,855
Average assets per factory employee (Excluding Executives)	21,321	21,642	30,934
Average net worth per employee - All employees	6,021	8,565	4,063
Average gross plant investment per factory employee (Excluding Executives)	19,899	15,034	27,223
Net worth percentage of fixed assets	195.03%	174.38%	47.62%
EMPLOYEES			
Percent factory - All employees	60.18%	75.00%	71.89%
Percent administrative - All employees	34.81	20.83	18.23
Percent sales - All employees	5.01	4.17	9.88
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 28,533	$ 34,835	$ 35,106
Sales per factory employee	49,724	46,447	49,727
Sales less material per factory employee	47,699	44,674	45,116
Sales per administrative employee	190,814	178,427	246,838
EXCLUDING EXECUTIVES			
Sales per employee - All employees	40,111	47,665	41,525
Sales per factory employee	54,668	56,440	51,985
Sales less material per factory employee	52,477	54,347	47,160
SALES PER SALESMAN	2,500,000	0	107,579
SALES TO CURRENT ASSETS	766%	584%	373%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	78.26%	65.21%	68.72%
Factory payroll percentage of gross plant investment	134.30	181.09	118.08
Payroll per employee - All employees	$ 21,508	$ 22,619	$ 23,867
Payroll per factory employee	20,841	21,773	22,911
Payroll per administrative employee	22,480	23,099	24,779
Payroll per sales employee	12,610	18,586	26,442
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 16,358	$ 17,269	$ 18,783
Payroll per factory employee	16,862	18,074	19,163
Payroll per administrative employee	14,926	12,500	12,517
Payroll per sales employee	3,276	0	18,908
EXECUTIVE PAYROLL			
Payroll per executive - All executives	23,895	28,075	33,634
Payroll per factory executive	16,781	26,154	21,194
Payroll per administrative executive	23,798	30,229	29,100
Payroll per sales executive	11,440	16,265	13,330
RECEIVABLES			
Collection period	19.8	19.9	73.7
PROFIT			
Gross profit percentage of sales	34.70%	35.16%	25.07%
Average gross profit per factory employee	$ 19,223	$ 19,671	$ 13,343
Income (loss) before taxes percentage of sales	(7.80)%	12.12%	(11.51)%
Average income (loss) before taxes per employee	$ (1,067)	$ 4,048	$ (3,890)

** Sample insufficient for Profit Leaders.

PUBLISHERS		BOOKS		DIRECT BUYERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 48,531	$ 82,104	$ 21,430	$ 20,779	$ 16,902	$ 23,260
67,096	112,750	29,345	30,886	22,528	28,672
28,862	53,544	6,068	7,596	7,805	13,069
27,631	46,689	24,776	24,639	16,299	20,255
272.37%	220.40%	76.63%	96.03%	103.19%	160.53%
74.25%	75.68%	80.91%	76.24%	83.05%	84.74%
13.85	13.19	9.70	11.87	11.98	15.26
11.90	11.13	9.39	11.89	4.97	0.00
$ 43,931	$ 52,039	$ 33,023	$ 34,708	$ 42,685	$ 38,606
59,910	68,839	40,983	45,362	52,749	45,496
51,293	61,349	38,758	42,063	42,385	42,869
324,513	403,162	381,799	319,648	261,262	255,270
47,843	54,705	37,455	40,769	49,851	43,148
61,076	68,839	44,653	51,298	57,844	47,729
52,264	61,349	42,195	47,573	46,621	45,023
507,269	396,259	330,226	64,802	407,000	0
239%	147%	320%	336%	455%	378%
61.17%	55.14%	62.64%	58.17%	51.88%	55.44%
278.00	59.91	85.34	89.49	127.67	99.83
$ 25,855	$ 28,419	$ 20,549	$ 20,168	$ 22,368	$ 20,650
24,318	26,363	18,027	19,499	20,899	18,896
30,797	33,644	43,149	23,695	21,673	30,322
34,623	40,644	32,430	21,436	26,673	0
$ 20,157	$ 22,758	$ 15,365	$ 16,018	$ 16,525	$ 16,174
20,420	22,345	14,868	16,159	16,617	16,090
16,129	17,219	8,379	12,427	9,779	18,243
25,637	32,400	27,487	17,028	8,390	0
49,413	61,062	42,836	28,889	28,773	34,520
17,199	0	26,233	23,322	23,261	22,262
47,617	55,064	60,202	49,907	26,466	32,930
46,081	50,560	37,831	48,671	19,541	0
84.1	94.2	62.2	60.6	70.4	53.1
29.81%	38.61%	35.79%	35.27%	19.93%	41.26%
$ 19,435	$ 26,582	$ 15,855	$ 17,914	$ 12,482	$ 20,726
1.98%	11.68%	5.26%	10.09%	(3.16)%	14.39%
$ 1,822	$ 6,091	$ 1,858	$ 3,591	$ (1,047)	$ 6,568

RETURN ON INVESTMENT - PER $100 OF SALES

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 7.73	$ 8.88	$ 1.58
Receivables	5.16	5.38	19.48
Inventories	2.06	0.14	2.78
Marketable securities	1.66	4.16	0.00
Other current assets	0.53	0.21	4.64
	17.14	18.77	28.48
Plant Investment:			
Land and building	3.56	0.00	6.17
Machinery and equipment	30.41	26.30	39.60
Other fixed assets	3.13	0.00	7.87
	37.10	26.30	53.64
Non-Current Assets	1.31	2.51	1.66
TOTAL INVESTMENT	55.55	47.58	83.78
INVESTMENT TURNOVER PER $100 OF SALES	180.02%	210.17%	119.36%
EARNINGS			
Cost of Product	$65.30	$64.84	$74.93
Selling Expenses	5.08	4.50	10.82
Administrative Expenses	36.50	16.97	23.19
	106.88	86.31	108.94
Income (Loss), Before Interest, Other Income (Expense), and Taxes	(6.88)	13.69	(8.94)
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME (LOSS)	(12.39)%	28.77%	(10.67)%

** Sample insufficient for Profit Leaders.

PUBLISHERS		BOOKS		DIRECT BUYERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 7.76	$15.51	$ 2.76	$ 3.93	$ 0.85	$11.12
22.81	25.35	16.87	16.27	19.17	14.31
12.21	10.97	8.07	7.96	1.78	1.62
29.42	58.84	4.79	0.00	2.10	0.00
2.80	4.94	1.44	1.72	1.66	2.69
75.00	115.61	33.93	29.88	25.56	29.74
12.54	25.08	14.29	0.00	0.44	0.00
23.85	31.68	38.42	44.03	25.27	43.20
7.42	10.71	5.23	6.31	2.11	3.57
43.81	67.47	57.94	50.34	27.82	46.77
3.86	4.49	3.30	5.69	0.36	8.05
122.67	187.57	95.17	85.91	53.74	84.56
81.52%	53.31%	105.08%	116.40%	186.08%	118.26%
$70.19	$61.39	$64.21	$64.73	$80.07	$58.74
11.27	11.51	11.31	9.28	6.42	0.70
13.96	12.54	15.97	13.83	15.14	24.17
95.42	85.44	91.49	87.84	101.63	83.61
4.58	14.56	8.51	12.16	(1.63)	16.39
3.73%	7.76%	8.94%	14.15%	(3.03)%	19.38%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME (LOSS)
TOTAL - ALL FIRMS	31	$ 924,000	$1,478,000	$ 32,000
TOTAL - PROFIT LEADERS*	7	2,017,000	2,801,000	340,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$500,000	12	138,000	256,000	(15,000)
$500,000-$1,500,000	12	644,000	938,000	20,000
$1,500,000-$3,000,000	4	1,323,000	2,107,000	(62,000)
Over $3,000,000	3	4,657,000	7,684,000	390,000
PROFIT LEADERS				
0-$500,000	3	203,000	402,000	44,000
$500,000-$1,500,000	2	1,900,000	1,117,000	191,000
Over $3,000,000	2	4,853,000	8,085,000	934,000
BY MARKET				
ALL FIRMS				
Printers and Lithographers	5	927,000	1,578,000	(126,000)
Advertising Agencies	8	479,000	810,000	(53,000)
Publishers	4	2,474,000	2,720,000	156,000
Books	4	1,812,000	3,198,000	278,000
Direct Buyers	8	269,000	788,000	6,000
Other	2	442,000	734,000	125,000
PROFIT LEADERS				
Printers and Lithographers	2	159,000	418,000	49,000
Publishers	2	4,197,000	3,983,000	477,000
Books	2	2,450,000	4,952,000	549,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 =	20.7%

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1984 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1985 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director
PIA Financial Services

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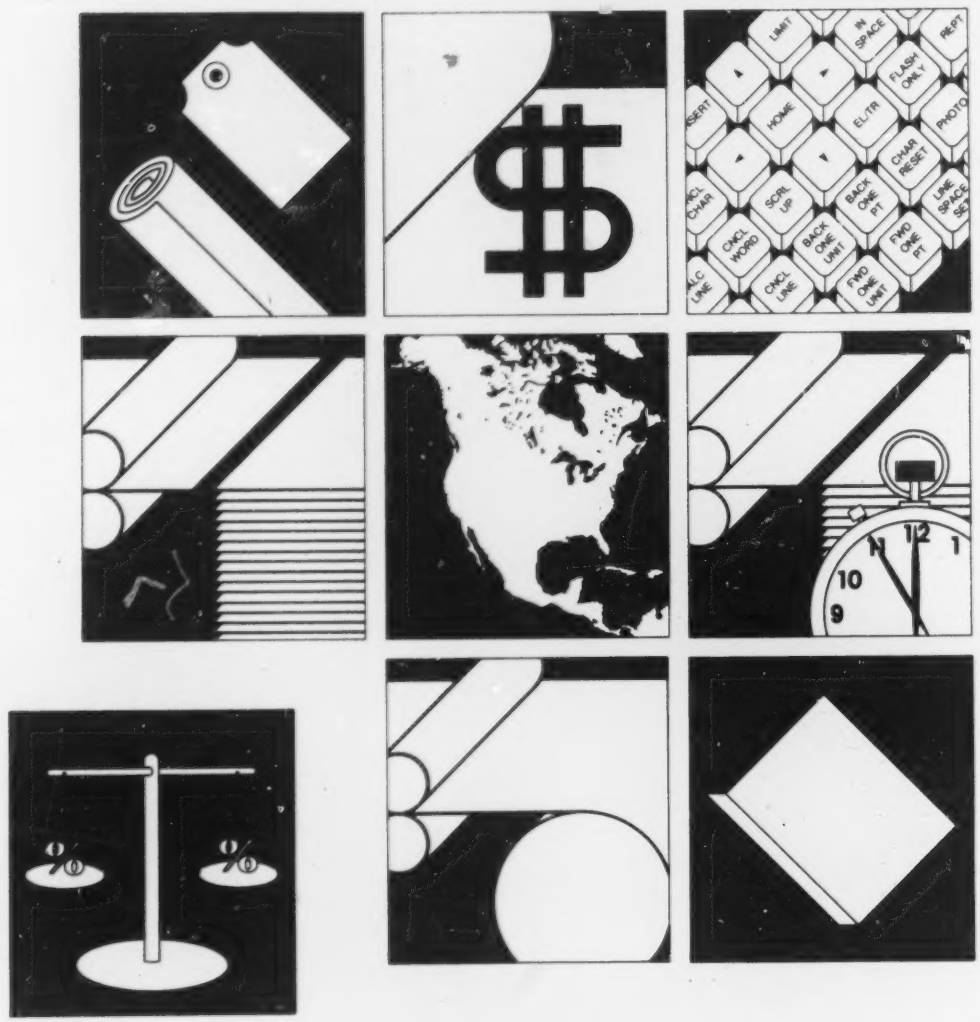
PPA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



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ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
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- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

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PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

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Printing Industries of America, Inc.
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Volume XI: Typographers

An Annual Financial Survey Conducted By:
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1730 North Lynn Street
Arlington, VA 22209

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PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-4805

Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1985 PIA FINANCIAL RATIO FOR TYPOGRAPHERS who participated in the 1985 Ratio Studies. This Ratio Study was developed on the basis of questionnaires volunteered by 29 firms and presents the ratios and statistics of typographers by sales volume and market.

Thus the user of the report can direct himself to the standards for his sales size — for example, sales to $500,000, sales from $500,000 to $1,500,000 etc.; and market — for example, Printers and Lithographers, Advertising Agencies, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms in four areas: Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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The National Composition Association, a special industry group of PIA, represents over 750 firms in the typesetting industry.

NCA provides extensive technical and managerial information on photocomposition, word processing, computers and pre-press systems. *NCA Reports*, a three-ring updatable binder of over 250 pages of information, is issued to all members and kept up-to-date with supplements. Type-X, the NCA Annual Convention and trade show is a unique opportunity to study the technology of photocompositon intently with both seminar and hands-on demonstrations. *NCA NewsLine*, a monthly newsletter, briefly and concisely summarizes industry developments. An Annual Awards Competition, the Typographic Excellence Awards Competition, recognizes outstanding examples of production excellence.

The NCA library of publications and cassette tapes now contains over 100 titles on all facets of typesetting. To evaluate production efficiency with industry averages, NCA has introduced Benchmark Reports, a standardized text, with a computerized tabulation program. NCA Seminars are noted for in-depth presentation by knowledgeable and authoritative speakers. The NCA Research and Education Fund has been established to work in those areas that are important to the industry, but have no prospect of generating revenues to off-set costs.

NCA is governed by its own Board of Directors and Officers and is a self-supporting contributor to the efforts of the Printing Industries of America and its affiliated local organizations. We are pleased to endorse the PIA Ratio Reports and encourage participation in this vital program.

Tina H. Allman
Executive Director
National Composition Association
(703) 841-8165

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS*
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%
FACTORY COST OF PRODUCT		
MATERIALS		
Paper	1.27	1.17
Other chargeable materials	3.18	2.65
Outside services	5.49	2.62
TOTAL MATERIALS	9.94	6.44
FACTORY PAYROLL	40.28	38.67
FACTORY EXPENSES	18.36	20.16
TOTAL FACTORY COST OF PRODUCT	68.58	65.27
GROSS PROFIT	31.42	34.73
ADMINISTRATIVE AND SELLING EXPENSES		
Administrative expenses	16.87	15.20
Selling expenses	8.71	7.73
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	25.58	22.93
INCOME BEFORE INTEREST EXPENSE	5.84	11.80
Interest expense	2.05	1.31
OPERATING INCOME	3.79	10.49
Other income	0.96	0.76
INCOME BEFORE INCOME TAXES	4.75	11.25

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS		
Ink	0.03%	0.04%
Film	0.98	0.59
Plates	0.01	0.00
Other chargeable materials	2.16	2.02
TOTAL OTHER CHARGEABLE MATERIALS	3.18	2.65
OUTSIDE SERVICES		
Composition	0.19	0.30
Offset preparation	1.16	0.00
Printing	3.14	1.16
Binding	0.01	0.02
Other outside services	0.99	1.14
TOTAL OUTSIDE SERVICES	5.49	2.62

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

SALES TO $500,000		SALES FROM $500,000-$1,500,000		SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
0.63	0.66	1.53	0.80	3.12	3.37
2.57	1.63	3.35	3.55	2.72	2.96
1.49	1.50	10.50	4.03	1.64	1.87
4.69	3.79	15.38	8.38	7.48	8.20
42.21	40.31	36.26	35.95	47.14	41.36
21.32	24.02	17.26	18.68	13.76	14.25
68.22	68.12	68.90	63.01	68.38	63.81
31.78	31.88	31.10	36.99	31.62	36.19
22.70	16.91	13.76	15.62	8.98	9.84
5.59	4.51	10.48	9.43	12.19	11.55
28.29	21.42	24.24	25.05	21.17	21.39
3.49	10.46	6.86	11.94	10.45	14.80
2.41	0.74	1.83	1.63	1.44	1.91
1.08	9.72	5.03	10.31	9.01	12.89
1.10	1.14	0.96	0.39	0.71	0.69
2.18	10.86	5.99	10.70	9.72	13.58
0.06%	0.08%	0.02%	0.00%	0.00%	0.00%
0.00	0.00	1.00	0.00	2.72	2.96
0.00	0.00	0.03	0.00	0.00	0.00
2.51	1.55	2.30	3.55	0.00	0.00
2.57	1.63	3.35	3.55	2.72	2.96
0.32	0.36	0.00	0.00	0.74	0.54
0.00	0.00	2.51	0.00	0.00	0.00
0.11	0.13	6.73	3.05	0.01	0.00
0.03	0.03	0.00	0.00	0.00	0.00
1.03	0.98	1.26	0.98	0.89	1.33
1.49	1.50	10.50	4.03	1.64	1.87

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL		
Salaries - executive	4.09%	4.08%
Direct wages	27.34	25.97
General factory salaries and wages	1.79	2.32
Packing, shipping and delivery wages	1.50	1.12
Payroll taxes	2.71	2.18
Employee benefits	2 85	3.00
TOTAL FACTORY PAYROLL	40.28	38.67
FACTORY EXPENSES		
Fixed Expenses		
Depreciation - real estate	0.07	0.07
Depreciation - other	4.34	3.90
Taxes - real estate	0.03	0.06
Taxes - other	0.17	0.21
Insurance	0.90	0.64
Building rent	2.34	2.57
Utilities - heat, light, etc.	0.88	1.07
Equipment rental	3.07	3.64
Total Fixed Expenses	11.80	12.16
Other Expenses		
Factory supplies and expense	2.28	2.58
Packing, shipping and delivery expense	1.48	2.01
Repairs and maintenance	2.25	2.45
Other factory expenses	0.55	0.96
Total Other Expenses	6.56	8.00
TOTAL FACTORY EXPENSES	18.36	20.16
ADMINISTRATIVE EXPENSES		
Salaries - executive	5.87	5.58
Salaries - office	2.84	1.75
Payroll taxes	0.69	0.55
Employee benefits	0.77	0.84
Bad debts	0.37	0.53
Office supplies and expenses	0.85	0.74
Professional fees	0.88	0.82
Taxes - business	0.46	0.50
Telephone	0.96	0.95
Other administrative expenses	3.18	2.94
TOTAL ADMINISTRATIVE EXPENSES	16.87	15.20
SELLING EXPENSES		
Salaries - executive	1.70	2.11
Salaries and commissions - salesmen	3.35	2.44
Salaries - sales office clerical	0.61	0.81
Payroll taxes	0.36	0.27
Employee benefits	0.36	0.33
Advertising	0.82	0.84
Travel and entertainment	0.93	0.78
Other selling expenses	0.58	0.15
TOTAL SELLING EXPENSES	8.71	7.73

SALES TO $500,000		SALES FROM $500,000-$1,500,000		SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
5.93%	5.70%	2.56%	2.45%	3.35%	4.09%
28.11	28.36	25.20	22.53	33.61	28.60
0.69	0.84	2.64	4.27	1.69	1.12
2.07	1.36	0.89	1.08	0.74	0.66
2.81	2.11	2.43	1.98	3.34	2.87
2.60	1.94	2.54	3.64	4.41	4.02
42.21	40.31	36.26	35.95	47.14	41.36
0.00	0.00	0.15	0.16	0.00	0.00
4.31	3.43	4.52	4.70	3.86	3.12
0.00	0.00	0.08	0.15	0.00	0.00
0.20	0.34	0.13	0.08	0.15	0.20
1.50	1.12	0.54	0.36	0.18	0.14
2.96	3.34	2.02	2.10	1.78	1.80
0.92	1.20	0.77	1.07	1.03	0.76
3.70	4.76	3.32	3.66	0.50	0.74
13.59	14.19	11.53	12.28	7.50	6.76
3.29	3.62	1.62	2.00	1.36	1.46
1.35	2.03	1.31	1.15	2.91	4.16
2.11	2.22	2.51	2.97	1.85	1.71
0.98	1.96	0.29	0.28	0.14	0.16
7.73	9.83	5.73	6.40	6.26	7.49
21.32	24.02	17.26	18.68	13.76	14.25
8.12	7.39	4.62	4.59	2.62	3.42
3.38	0.63	2.57	2.75	2.12	2.03
1.03	0.71	0.48	0.48	0.35	0.36
0.78	0.46	0.84	1.47	0.38	0.26
0.35	0.42	0.43	0.76	0.15	0.22
1.23	0.77	0.66	0.78	0.42	0.52
1.06	0.73	0.74	0.84	0.93	1.02
0.61	0.38	0.46	0.82	0.02	0.03
1.28	1.23	0.72	0.76	0.76	0.70
4.86	4.19	2.24	2.37	1.23	1.28
22.70	16.91	13.76	15.62	8.98	9.84
2.04	2.00	1.52	2.46	1.78	1.53
1.01	0.63	4.73	3.33	4.70	4.79
0.31	0.21	0.56	0.85	2.23	2.23
0.21	0.14	0.42	0.30	0.52	0.49
0.17	0.12	0.36	0.43	0.88	0.60
1.14	0.82	0.65	0.95	0.45	0.59
0.68	0.54	1.12	1.00	1.14	0.81
0.03	0.05	1.12	0.11	0.49	0.51
5.59	4.51	10.48	9.43	12.19	11.55

BALANCE SHEET

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
ASSETS		
CURRENT ASSETS		
Cash	15.14%	16.52%
Receivables	37.77	35.34
Inventories	6.78	7.02
Other current assets	5.90	8.45
TOTAL CURRENT ASSETS	65.59	67.33
FIXED ASSETS		
Real estate	2.55	2.17
Less: Accumulated depreciation	0.70	1.12
	1.85	1.05
Machinery and equipment	63.68	55.38
Less: Accumulated depreciation	38.85	31.21
	24.83	24.17
Other fixed assets	8.83	8.08
Less: Accumulated depreciation	4.18	3.01
	4.65	5.07
NET FIXED ASSETS	31.33	30.29
OTHER ASSETS	3.08	2.38
TOTAL ASSETS	100.00	100.00
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Notes payable	10.61	5.66
Accounts payable	12.85	9.88
Other current liabilities	8 51	10.26
TOTAL CURRENT LIABILITIES	31.97	25.80
LONG-TERM LIABILITIES	27.23	24.93
TOTAL LIABILITIES	59.20	50.73
SHAREHOLDERS' AND PROPRIETORS' EQUITY	40.80	49.27
TOTAL LIABILITIES AND EQUITY	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	2.05	2.61
QUICK RATIO	1.84	2.34
TOTAL LIABILITIES TO EQUITY	1.45	1.03
LONG-TERM LIABILITIES TO EQUITY	0.6,	0.51
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.61	0.56

SALES TO $500,000		SALES FROM $500,000-$1,500,000		SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
24.99%	28.50%	8.25%	9.57%	7.13%	3.96%
30.68	24.63	42.54	42.53	42.82	44.15
1.49	0.66	7.89	7.57	20.32	21.54
6.47	6.99	6.30	11.81	2.96	3.69
63.63	60.78	64.98	71.48	73.23	73.34
0.00	0.00	5.50	5.21	0.00	0.00
0.00	0.00	1.37	2.70	0.00	0.00
0.00	0.00	4.13	2.51	0.00	0.00
62.20	49.09	62.62	58.68	70.20	62.84
34.33	20.64	39.69	37.77	49.45	41.21
27.87	28.45	22.93	20.91	20.75	21.63
9.90	9.52	6.42	4.25	15.54	14.08
3.43	1.19	3.09	2.19	11.08	9.60
6.47	8.33	3.33	2.06	4.46	4.48
34.34	36.78	30.39	25.48	25.21	26.11
2.03	2.44	4.63	3.04	1.56	0.55
100.00	100.00	100.00	100.00	100.00	100.00
9.11	4.12	14.24	8.66	2.31	2.03
14.33	12.62	13.46	6.76	8.12	10.83
6.48	9.62	8.29	7.73	15.71	18.18
29.92	26.36	35.99	23.15	26.14	31.04
34.93	31.68	21.62	20.55	12.76	19.01
64.85	58.04	57.61	43.70	38.90	50.05
35.15	41.96	42.39	56.30	61.10	49.95
100.00	100.00	100.00	100.00	100.00	100.00
2.13	2.31	1.81	3.09	2.80	2.36
2.08	2.28	1.59	2.76	2.02	1.67
1.84	1.38	1.36	0.78	0.64	1.00
0.99	0.76	0.51	0.37	0.21	0.38
0.55	0.42	0.63	0.64	0.70	0.66

SIGNIFICANT FACTS

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Average assets per employee - All employees	$ 20,316	$ 27,905
Average assets per factory employee (Excluding Executives)	29,028	39,937
Average net worth per employee - All employees	10,026	17,116
Average gross plant investment per factory employee (Excluding Executives)	19,166	21,679
Net worth percentage of fixed assets	177.40%	154.71%
EMPLOYEES		
Percent factory - All employees	76.33%	78.04%
Percent administrative - All employees	15.46	12.90
Percent sales - All employees	8.21	9.06
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES		
Sales per employee - All employees	$ 40,201	$ 45,340
Sales per factory employee	54,237	59,025
Sales less material per factory employee	48,200	54,990
Sales per administrative employee	302,376	315,133
EXCLUDING EXECUTIVES		
Sales per employee - All employees	48,053	55,043
Sales per factory employee	58,113	63,964
Sales less material per factory employee	51,807	59,665
SALES PER SALESMAN	301,294	206,328
SALES TO CURRENT ASSETS	412%	406%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES		
Total payroll percentage of sales	56.81%	53.36%
Factory payroll percentage of gross plant investment	179.37	184.39
Payroll per employee - All employees	$ 22,422	$ 24,336
Payroll per factory employee	20,849	22,402
Payroll per administrative employee	25,357	27,354
Payroll per sales employee	30,019	26,434
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES		
Payroll per employee - All employees	$ 17,443	$ 18,715
Payroll per factory employee	17,156	18,442
Payroll per administrative employee	12,098	13,835
Payroll per sales employee	19,367	15,644
EXECUTIVE PAYROLL		
Payroll per executive - All executives	33,013	32,898
Payroll per factory executive	21,851	22,301
Payroll per administrative executive	30,923	32,779
Payroll per sales executive	23,312	31,679
RECEIVABLES		
Collection period	58.7	59.8
PROFIT		
Gross profit percentage of sales	31.42%	34.73%
Average gross profit per factory employee	$ 19,151	$ 22,673
Income before taxes percentage of sales	4.75%	11.25%
Average income before taxes per employee	$ 2,224	$ 5,062

SALES TO $500,000		SALES FROM $500,000-$1,500,000		SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 13,739	$ 17,090	$ 26,565	$ 41,023	$ 21,363	$ 22,144
20,901	24,084	37,321	59,491	28,705	30,682
4,726	7,667	14,712	28,954	12,935	11,145
15,487	15,198	21,575	27,424	24,212	23,520
192.31%	156.03%	153.43%	138.93%	246.01%	190.84%
74.96%	82.20%	76.59%	74.10%	79.16%	77.49%
20.20	13.48	12.98	13.62	8.95	9.67
4.84	4.32	10.43	12.28	11.89	12.84
$ 32,244	$ 37,581	$ 44,472	$ 47,680	$ 52,455	$ 58,887
46,084	46,426	58,902	64,756	66,793	76,196
44,002	44,558	48,902	59,337	61,836	70,203
144,986	144,075	374,748	368,781	581,723	608,654
43,672	50,964	49,904	55,025	57,417	65,289
51,616	52,506	61,193	68,335	70,951	81,683
49,266	50,551	50,946	62,550	65,661	75,236
150,783	151,250	278,185	135,417	567,389	600,126
431%	429%	415%	400%	335%	365%
59.25%	52.62%	52.36%	52.61%	62.73%	57.08%
213.63	286.96	159.10	97.57	134.50	144.99
$ 18,938	$ 19,585	$ 22,805	$ 25,258	$ 32,377	$ 33,910
18,233	17,883	20,609	23,175	30,570	31,768
18,145	18,178	29,912	32,695	32,214	36,941
17,616	12,892	36,182	32,556	44,523	44,986
$ 14,978	$ 15,912	$ 17,521	$ 18,644	$ 25,099	$ 25,902
15,191	15,395	17,005	18,894	24,430	24,926
10,747	10,000	11,877	15,996	16,875	18,018
5,344	6,667	26,775	16,153	34,662	36,813
22,092	21,422	38,885	35,412	50,638	55,306
13,969	13,764	23,865	21,218	40,795	46,352
19,777	15,278	33,200	31,789	63,852	79,008
15,661	12,140	19,537	31,527	78,042	80,909
48.0	43.9	67.2	75.2	65.1	61.0
31.78%	31.88%	31.10%	36.99%	31.62%	36.19%
$ 17,953	$ 16,875	$ 19,366	$ 25,645	$ 23,534	$ 29,738
2.18%	10.86%	5.99%	10.70%	9.72%	13.58%
$ 815	$ 4,079	$ 2,785	$ 4,922	$ 5,511	$ 7,869

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Current Assets:		
Cash	$ 6.50	$ 8.26
Receivables	15.81	16.02
Inventories	3.22	3.91
Marketable securities	4.93	10.88
Other current assets	1.51	1.96
	31.97	41.03
Plant Investment:		
Land and building	2.45	3.70
Machinery and equipment	27.45	24.84
Other fixed assets	4.32	4.50
	34.22	33.04
Non-Current Assets	1.54	1.38
TOTAL INVESTMENT	67.73	75.45
INVESTMENT TURNOVER PER $100 OF SALES	147.65%	132.54%
EARNINGS		
Cost of Product	$68.58	$65.27
Selling Expenses	8.71	7.73
Administrative Expenses	16.87	15.20
	94.16	88.20
Income Before Interest, Other Income, and Taxes	5.84	11.80
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	8.62%	15.64%

SALES TO $500,000		SALES FROM $500,000-$1,500,000		SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 8.33	$ 9.60	$ 5.76	$ 9.53	$ 3.38	$ 1.70
12.90	11.69	18.13	20.35	17.40	16.06
0.66	0.36	4.06	5.36	9.08	9.15
1.55	1.76	9.57	24.35	0.00	0.00
1.82	2.02	1.38	2.22	1.04	1.19
25.26	25.43	38.90	61.81	30.90	28.10
0.00	0.00	5.40	8.87	0.00	0.00
26.34	22.51	28.01	27.62	29.97	23.71
4.89	5.38	3.35	3.16	6.86	5.67
31.23	27.89	36.76	39.65	36.83	29.38
0.99	0.99	2.34	2.21	0.77	0.25
57.48	54.31	78.00	103.67	68.50	57.73
173.97%	184.13%	128.21%	96.46%	145.99%	173.22%
$68.22	$68.12	$68.90	$63.01	$68.38	$63.81
5.59	4.51	10.48	9.43	12.19	11.55
22.70	16.91	13.76	15.62	8.98	9.84
96.51	89.54	93.14	88.06	89.55	85.20
3.49	10.46	6.86	11.94	10.45	14.80
6.07%	19.26%	8.80%	11.52%	15.26%	25.64%

REPORT ON OPERATIONS - SALES = 100%

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	0.00	1.71	0.82
Other chargeable materials	1.46	2.65	1.82
Outside services	5.25	1.32	1.85
TOTAL MATERIALS	6.71	5.68	4.49
FACTORY PAYROLL	33.13	41.92	34.81
FACTORY EXPENSES	13.07	20.83	22.61
TOTAL FACTORY COST OF PRODUCT	52.91	68.43	61.91
GROSS PROFIT	47.09	31.57	38.09
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	38.17	16.82	19.12
Selling expenses	3.41	10.32	9.35
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	41.58	27.14	28.47
INCOME BEFORE INTEREST EXPENSE	5.51	4.43	9.62
Interest expense	0.00	2.09	0.84
OPERATING INCOME	5.51	2.34	8.78
Other income (expense)	(0.53)	1.99	1.38
INCOME BEFORE INCOME TAXES	4.98	4.33	10.16

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	0.00%	0.06%	0.10%
Film	0.00	0.53	0.00
Plates	0.00	0.00	0.00
Other chargeable materials	1.46	2.06	1.72
TOTAL OTHER CHARGEABLE MATERIALS	1.46	2.65	1.82
OUTSIDE SERVICES			
Composition	0.00	0.32	0.45
Offset preparation	0.00	0.00	0.00
Printing	5.25	0.12	0.17
Binding	0.00	0.03	0.04
Other outside services	0.00	0.85	1.19
TOTAL OUTSIDE SERVICES	5.25	1.32	1.85

** Sample insufficient for Profit Leaders.
*** Information not submitted.

PUBLISHERS		BOOKS		DIRECT BUYERS	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
0.65	0.00	1.54	0.95	1.34	2.95
1.18	1.23	3.39	4.41	4.39	3.44
6.68	0.27	2.66	4.18	8.51	1.53
8.51	1.50	7.59	9.54	14.24	7.92
49.52	54.34	41.93	36.29	36.88	34.94
14.44	15.11	18.86	20.82	18.94	20.06
72.47	70.95	68.38	66.65	70.06	62.92
27.53	29.05	31.62	33.35	29.94	37.08
9.27	8.09	13.83	10.69	16.89	19.30
10.49	7.49	8.66	6.62	8.07	6.78
19.76	15.58	22.49	17.31	24.96	26.08
7.77	13.47	9.13	16.04	4.98	11.00
1.03	0.93	3.71	3.25	2.16	1.30
6.74	12.54	5.42	12.79	2.82	9.70
(0.10)	(0.58)	2.15	2.28	0.57	0.39
6.64	11.96	7.57	15.07	3.39	10.09
0.00%		0.00%	0.00%	0.04%	0.00%
1.18		1.88	4.41	1.12	0.00
0.00		0.00	0.00	0.05	0.00
0.00		1.51	0.00	3.18	3.44
1.18	***	3.39	4.41	4.39	3.44
0.29		0.07	0.00	0.13	0.36
2.33		0.00	0.00	1.95	0.00
3.63		0.00	0.00	5.18	0.00
0.00		0.00	0.00	0.00	0.00
0.43		2.59	4.18	1.25	1.17
6.68	***	2.66	4.18	8.51	1.53

SUPPORTING SCHEDULES - SALES = 100%

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL			
Salaries - executive	1.44%	4.35%	5.22%
Direct wages	24.76	27.34	20.74
General factory salaries and wages	1.70	2.35	2.59
Packing, shipping and delivery wages	0.00	2.29	2.26
Payroll taxes	0.00	2.90	2.04
Employee benefits	5.23	2.69	1.96
TOTAL FACTORY PAYROLL	33.13	41.92	34.81
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.00	0.00	0.00
Depreciation - other	4.24	5.04	3.75
Taxes - real estate	0.00	0.00	0.00
Taxes - other	0.00	0.14	0.12
Insurance	0.05	1.12	1.02
Building rent	1.36	2.90	2.63
Utilities - heat, light, etc.	0.00	1.17	1.42
Equipment rental	0.50	3.03	4.33
Total Fixed Expenses	6.15	13.40	13.27
Other Expenses			
Factory supplies and expense	2.48	2.65	4.23
Packing, shipping and delivery expense	0.04	2.60	2.68
Repairs and maintenance	3.77	1.87	2.19
Other factory expenses	0.63	0.31	0.24
Total Other Expenses	6.92	7.43	9.34
TOTAL FACTORY EXPENSES	13.07	20.83	22.61
ADMINISTRATIVE EXPENSES			
Salaries - executive	13.16	5.93	8.03
Salaries - office	9.09	2.39	1.17
Payroll taxes	2.74	0.64	0.75
Employee benefits	2.27	0.53	0.68
Bad debts	0.02	0.55	0.80
Office supplies and expenses	0.14	1.08	0.86
Professional fees	1.55	0.68	0.54
Taxes - business	0.04	0.48	0.48
Telephone	0.82	1.05	1.27
Other administrative expenses	8.34	3.49	4.54
TOTAL ADMINISTRATIVE EXPENSES	38.17	16.82	19.12
SELLING EXPENSES			
Salaries - executive	0.00	2.33	3.34
Salaries and commissions - salesmen	2.48	4.11	1.84
Salaries - sales office clerical	0.00	0.55	0.97
Payroll taxes	0.00	0.47	0.34
Employee benefits	0.22	0.34	0.34
Advertising	0.02	1.12	1.29
Travel and entertainment	0.59	0.84	1.16
Other selling expenses	0.10	0.56	0.07
TOTAL SELLING EXPENSES	3.41	10.32	9.35

** Sample insufficient for Profit Leaders.

PUBLISHERS		BOOKS		DIRECT BUYERS	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.43%	5.05%	4.75%	4.54%	4.38%	2.00%
34.25	34.01	30.76	25.38	24.32	27.90
3.66	5.90	0.56	1.12	1.26	0.00
0.67	0.89	0.39	0.78	1.95	0.38
3.56	3.98	3.84	2.98	2.39	1.37
3.95	4.51	1.63	1.49	2.58	3.29
49.52	54.34	41.93	36.29	36.88	34.94
0.20	0.40	0.00	0.00	0.11	0.00
2.78	2.63	6.55	6.57	3.73	1.94
0.19	0.38	0.00	0.00	0.02	0.00
0.35	0.67	0.10	0.20	0.18	0.11
0.44	0.46	0.85	0.35	1.08	0.64
1.53	1.12	2.68	3.06	2.34	3.07
0.70	0.61	1.54	2.17	0.69	0.54
1.83	1.61	0.98	0.00	4.62	7.34
8.02	7.88	12.70	12.35	12.77	13.64
2.92	3.22	0.53	0.96	2.40	0.64
0.72	0.46	1.99	3.36	1.16	1.93
2.17	2.57	3.37	4.01	1.86	1.50
0.61	0.98	0.27	0.14	0.75	2.35
6.42	7.23	6.16	8.47	6.17	6.42
14.44	15.11	18.86	20.82	18.94	20.06
3.37	3.63	5.38	3.64	5.59	6.77
1.96	1.14	1.66	1.55	2.75	1.66
0.39	0.32	0.58	0.56	0.52	0.63
0.56	0.57	0.58	0.49	0.78	1.66
0.19	0.38	0.70	0.72	0.28	0.29
0.55	0.76	0.62	0.47	1.02	0.93
0.54	0.40	0.93	0.71	0.99	1.34
0.19	0.00	0.21	0.00	0.68	1.38
0.75	0.64	0.90	0.94	1.02	0.87
0.77	0.25	2.27	1.61	3.26	3.77
9.27	8.09	13.83	10.69	16.89	19.30
2.17	0.88	1.39	1.75	1.57	2.22
3.25	3.34	3.17	1.38	3.13	2.55
1.37	0.71	1.11	2.22	0.33	0.00
0.35	0.26	0.45	0.28	0.32	0.25
0.60	0.38	0.27	0.21	0.35	0.35
0.64	0.96	0.29	0.11	1.02	0.90
1.05	0.81	0.95	0.29	0.99	0.42
1.06	0.15	1.03	0.38	0.36	0.09
10.49	7.49	8.66	6.62	8.07	6.78

BALANCE SHEET

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
ASSETS			
CURRENT ASSETS			
Cash	40.86%	17.41%	21.09%
Receivables	21.58	27.96	23.02
Inventories	5.03	4.26	2.17
Other current assets	2.25	6.11	7.19
TOTAL CURRENT ASSETS	69.72	55.74	53.47
FIXED ASSETS			
Real estate	0.00	1.52	2.65
Less: Accumulated depreciation	0.00	1.50	2.62
	0.00	0.02	0.03
Machinery and equipment	137.48	71.79	55.16
Less: Accumulated depreciation	108.45	38.13	24.53
	29.03	33.66	30.63
Other fixed assets	3.62	12.70	14.34
Less: Accumulated depreciation	2.37	4.56	2.47
	1.25	8.14	11.87
NET FIXED ASSETS	30.28	41.82	42.53
OTHER ASSETS	0.00	2.44	4.00
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	15.95	10.62	3.83
Accounts payable	8.33	15.00	13.00
Other current liabilities	7.73	9.55	3.91
TOTAL CURRENT LIABILITIES	32.01	35.17	20.74
LONG-TERM LIABILITIES	0.00	36.66	38.88
TOTAL LIABILITIES	32.01	71.83	59.62
SHAREHOLDERS' AND PROPRIETORS' EQUITY	67.99	28.17	40.38
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	2.18	1.58	2.58
QUICK RATIO	2.02	1.46	2.47
TOTAL LIABILITIES TO EQUITY	0.47	2.55	1.48
LONG-TERM LIABILITIES TO EQUITY	0.00	1.31	0.96
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.79	0.53	0.44

** Sample insufficient for Profit Leaders.

PUBLISHERS		BOOKS		DIRECT BUYERS	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
20.22%	37.09%	7.29%	8.78%	10.45%	7.36%
40.80	18.04	36.58	30.54	45.55	63.88
5.23	1.52	14.62	25.31	6.46	3.94
12.13	23.52	4.23	2.07	4.88	6.83
78.38	80.17	62.72	66.70	67.34	82.01
3.86	7.73	0.00	0.00	4.00	0.00
0.74	1.50	0.00	0.00	0.56	0.00
3.12	6.23	0.00	0.00	3.44	0.00
35.74	24.66	68.32	46.48	54.41	37.05
24.88	13.58	38.18	17.69	32.57	22.20
10.86	11.08	30.14	28.79	21.84	14.85
6.43	2.12	10.72	8.60	7.61	3.65
4.48	1.13	6.69	4.66	3.32	3.29
1.95	0.99	4.03	3.94	4.29	0.36
15.93	18.30	34.17	32.73	29.57	15.21
5.69	1.53	3.11	0.57	3.09	2.78
100.00	100.00	100.00	100.00	100.00	100.00
7.56	0.00	20.61	6.42	7.40	2.62
10.33	2.68	4.62	6.85	15.93	10.30
12.66	18.23	9.11	15.84	6.44	8.10
30.55	20.91	34.34	29.11	29.77	21.02
18.65	29.36	27.30	22.71	29.12	13.16
49.20	50.27	61.64	51.82	58.89	34.18
50.80	49.73	38.36	48.18	41.11	65.82
100.00	100.00	100.00	100.00	100.00	100.00
2.57	3.83	1.83	2.29	2.26	3.90
2.39	3.76	1.40	1.42	2.05	3.71
0.97	1.01	1.61	1.08	1.43	0.52
0.37	0.59	0.71	0.47	0.71	0.20
0.70	0.55	0.56	0.38	0.60	0.60

SIGNIFICANT FACTS

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Average assets per employee - All employees	$ 10,849	$ 16,808	$ 17,140
Average assets per factory employee (Excluding Executives)	22,016	23,581	24,962
Average net worth per employee - All employees	6,368	4,688	7,142
Average gross plant investment per factory employee (Excluding Executives)	30,526	20,097	17,997
Net worth percentage of fixed assets	374.88%	96.45%	128.19%
EMPLOYEES			
Percent factory - All employees	52.77%	77.11%	76.99%
Percent administrative - All employees	41.67	13.90	12.61
Percent sales - All employees	5.56	8.99	10.40
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 40,333	$ 40,373	$ 39,990
Sales per factory employee	82,929	52,802	52,023
Sales less material per factory employee	78,548	49,691	49,686
Sales per administrative employee	166,548	278,708	274,437
EXCLUDING EXECUTIVES			
Sales per employee - All employees	51,300	49,200	53,218
Sales per factory employee	85,649	57,109	58,671
Sales less material per factory employee	80,902	53,880	56,177
SALES PER SALESMAN	171,430	305,601	137,411
SALES TO CURRENT ASSETS	566%	474%	488%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	63.10%	59.23%	52.26%
Factory payroll percentage of gross plant investment	104.13	138.08	137.02
Payroll per employee - All employees	$ 24,589	$ 23,918	$ 20,872
Payroll per factory employee	26,476	22,210	18,302
Payroll per administrative employee	20,982	23,370	25,489
Payroll per sales employee	11,486	36,054	22,341
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 19,477	$ 18,652	$ 15,634
Payroll per factory employee	22,183	18,132	15,087
Payroll per administrative employee	15,166	15,410	16,523
Payroll per sales employee	10,570	23,057	12,959
EXECUTIVE PAYROLL			
Payroll per executive - All executives	24,365	34,124	26,689
Payroll per factory executive	12,225	19,138	19,175
Payroll per administrative executive	12,139	23,252	22,372
Payroll per sales executive	0	19,052	24,175
RECEIVABLES			
Collection period	23.5	40.1	32.2
PROFIT			
Gross profit percentage of sales	47.09%	31.57%	38.09%
Average gross profit per factory employee	$ 43,132	$ 18,099	$ 21,872
Income before taxes percentage of sales	4.98%	4.33%	10.16%
Average income before taxes per employee	$ 2,349	$ 1,827	$ 4,117

** Sample insufficient for Profit Leaders.

PUBLISHERS		BOOKS		DIRECT BUYERS	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 44,754	$ 73,357	$ 20,156	$ 25,742	$ 15,849	$ 18,019
64,349	107,186	27,439	35,022	22,130	24,638
33,151	56,753	8,239	12,249	6,641	11,236
25,660	37,453	18,838	18,858	14,673	11,301
354.15%	254.48%	121.75%	153.26%	151.33%	149.51%
80.11%	83.96%	81.57%	79.99%	76.79%	76.12%
10.12	7.55	9.71	9.30	15.70	18.02
9.77	8.49	8.72	10.71	7.51	5.86
$ 40,561	$ 42,050	$ 35,890	$ 43,464	$ 41,394	$ 55,321
52,867	54,201	44,254	54,481	54,077	72,529
48,131	53,063	40,647	49,184	44,812	66,712
271,067	170,475	399,345	478,663	316,934	367,590
45,369	48,356	41,835	50,347	49,811	66,779
55,373	57,827	48,282	59,319	58,299	75,965
50,535	56,689	44,341	53,552	48,661	69,857
352,578	170,504	287,425	0	307,995	345,063
326%	323%	303%	255%	416%	384%
63.53%	65.55%	56.52%	48.36%	52.22%	51.01%
487.68	514.05	104.97	115.69	138.04	113.09
$ 25,779	$ 27,460	$ 19,835	$ 21,391	$ 20,931	$ 29,022
24,668	26,799	18,125	20,063	18,753	25,530
20,426	19,250	31,737	29,504	26,762	37,034
26,341	16,864	28,793	23,689	31,223	41,256
$ 20,412	$ 22,132	$ 15,448	$ 16,626	$ 16,074	$ 21,426
20,649	22,443	14,927	16,418	15,327	20,752
9,906	7,761	10,094	13,349	11,054	13,635
18,950	13,790	25,432	20,245	16,799	15,559
37,710	33,570	32,307	36,026	32,476	41,461
22,550	9,060	27,238	30,254	23,010	29,277
31,303	24,637	46,575	62,447	33,185	43,232
40,677	24,000	30,199	52,443	21,597	43,522
83.5	79.0	72.9	69.3	62.5	81.9
27.53%	29.05%	31.62%	33.35%	29.94%	37.08%
$ 16,416	$ 18,943	$ 15,532	$ 19,922	$ 17,887	$ 28,944
6.64%	11.96%	7.57%	15.07%	3.39%	10.09%
$ 2,669	$ 4,816	$ 3,287	$ 6,562	$ 1,933	$ 5,606

RETURN ON INVESTMENT - PER $100 OF SALES

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Current Assets:			
Cash	$ 9.33	$ 7.55	$ 9.05
Receivables	6.43	10.57	8.30
Inventories	1.50	1.64	0.64
Marketable securities	0.00	1.26	2.20
Other current assets	0.55	1.52	1.15
	17.81	22.54	21.34
Plant Investment:			
Land and building	0.00	0.32	0.56
Machinery and equipment	38.02	29.93	23.81
Other fixed assets	1.08	6.21	7.24
	39.10	36.46	31.61
Non-Current Assets	0.00	0.87	1.44
TOTAL INVESTMENT	56.91	59.87	54.39
INVESTMENT TURNOVER PER $100 OF SALES	175.72%	167.03%	183.86%
EARNINGS			
Cost of Product	$52.91	$68.43	$61.91
Selling Expenses	3.41	10.32	9.35
Administrative Expenses	38.17	16.82	19.12
	94.49	95.57	90.38
Income Before Interest, Other Income (Expense), and Taxes	5.51	4.43	9.62
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	9.68%	7.40%	17.69%

** Sample insufficient for Profit Leaders.

PUBLISHERS		BOOKS		DIRECT BUYERS	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$12.57	$22.87	$ 4.39	$ 5.84	$ 4.10	$ 1.84
22.65	21.16	19.65	18.83	16.87	22.08
4.31	4.15	8.03	14.56	2.45	1.31
30.43	60.87	0.00	0.00	1.04	0.00
1.79	3.21	2.58	1.53	1.22	3.06
71.75	112.26	34.65	40.76	25.68	28.29
10.53	21.05	0.00	0.00	2.22	0.00
23.43	24.20	35.97	27.38	22.75	14.31
5.44	5.78	4.95	3.97	3.17	1.13
39.40	51.03	40.92	31.35	28.14	15.44
3.84	4.17	1.86	0.27	1.31	0.63
114.99	167.46	77.43	72.38	55.13	44.36
86.96%	59.72%	129.15%	138.16%	181.39%	225.43%
$72.47	$70.95	$68.38	$66.65	$70.06	$62.92
10.49	7.49	8.66	6.62	8.07	6.78
9.27	8.09	13.83	10.69	16.89	19.30
92.23	86.53	90.87	83.96	95.02	89.00
7.77	13.47	9.13	16.04	4.98	11.00
6.76%	8.04%	11.79%	22.16%	9.03%	24.80%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	29	$ 626,000	$1,243,000	$ 113,000
TOTAL - PROFIT LEADERS*	12	1,030,000	1,865,000	248,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$500,000	12	115,000	257,000	8,000
$500,000-$1,500,000	13	586,000	903,000	56,000
Over $3,000,000	3	2,772,000	6,251,000	779,000
PROFIT LEADERS				
0-$500,000	5	142,000	327,000	37,000
$500,000-$1,500,000	5	983,000	1,031,000	104,000
Over $3,000,000	2	3,366,000	7,793,000	1,136,000
BY MARKET				
ALL FIRMS				
Printers and Lithographers	2	139,000	480,000	42,000
Advertising Agencies	7	265,000	703,000	39,000
Publishers	4	1,402,000	1,406,000	63,000
Books	4	1,699,000	3,583,000	496,000
Direct Buyers	12	302,000	851,000	56,000
PROFIT LEADERS				
Printers and Lithographers	4	196,000	545,000	57,000
Publishers	2	1,894,000	861,000	92,000
Books	2	3,098,000	6,527,000	993,000
Direct Buyers	3	445,000	1,524,000	164,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 =	20.7%

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services

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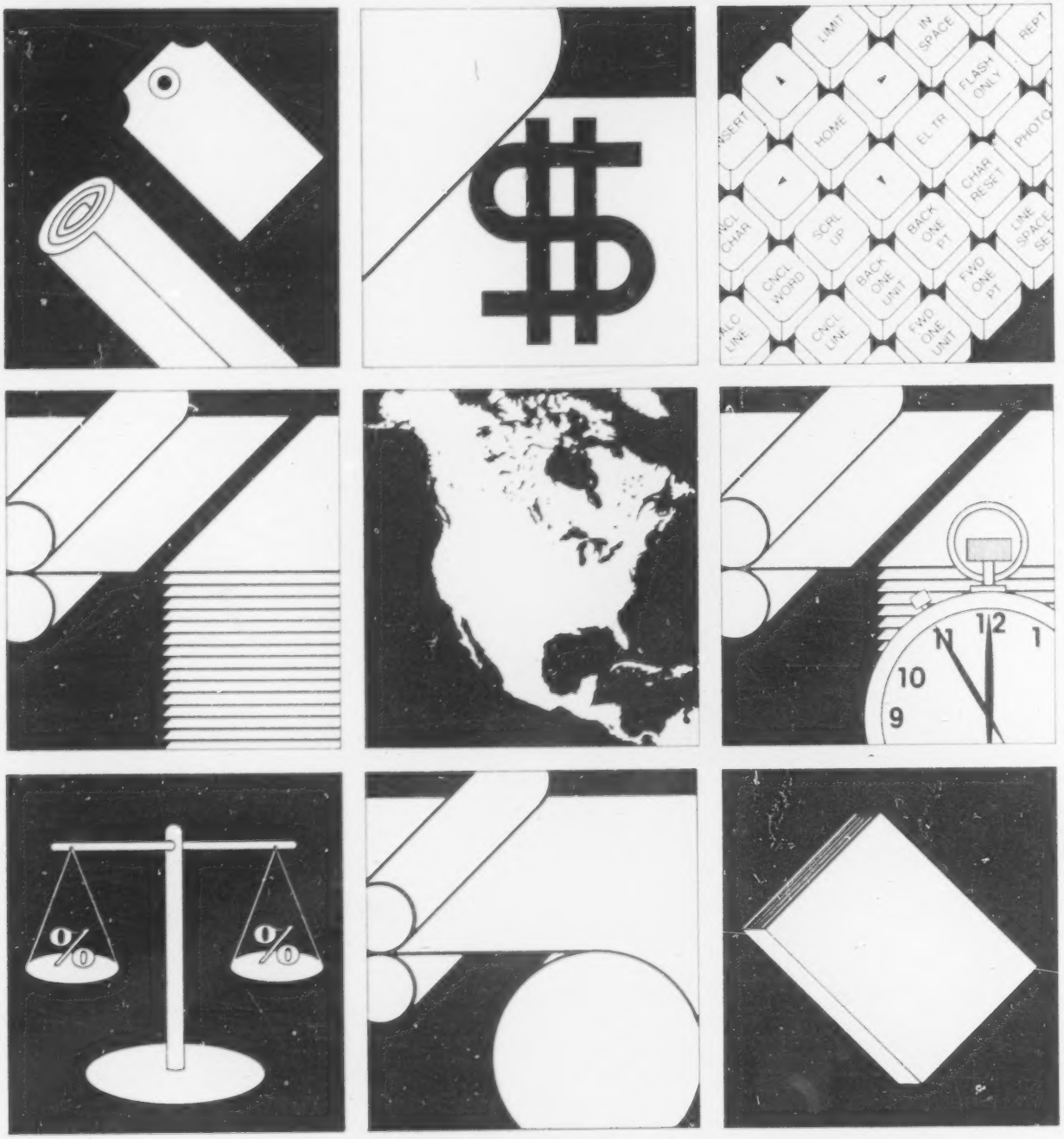
Printing Industries of America, Inc.

1984 Financial Ratios



Volume XII

Preparatory Specialists' Ratios

ABOUT PIA . . .

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial service package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Microcomputer Seminars

For further information, contact:

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PIA's Education and Publication Group is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980s (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981-82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation
- 1984 Executive Compensation Report

These books are available through PIA Affiliated Associations' Graphic Arts Bookstores. For further information, contact:

Printing Industries of America, Inc.
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1730 North Lynn Street
Arlington, Virginia 22209
(703) 841-8144

61ST annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1984 FINANCIAL RATIOS

PREPARATORY SPECIALISTS

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PRINTING INDUSTRIES OF AMERICA, INC.

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Printed in U.S.A.

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Dear Colleague:

1984 is the 61st year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the U.S. and Canadian graphic arts industries. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the U.S. and Canadian printing industry, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1984 PIA FINANCIAL RATIOS FOR PREPARATORY SPECIALISTS who participated in the 1984 Ratio Studies. This Ratio Study was developed on the basis of questionnaires volunteered by 40 firms and presents the ratios and statistics of Preparatory Specialists by sales volume, product specialty and market.

Thus the user of the report can direct himself to the standards for his sales size — for example, sales to $500,000, sales from $500,000 to $1,500,000 etc.; market — for example, Printers and Lithographers, Advertising Agencies, etc. and type of work — for example, Black and White and Color Work. Readers can compare the data from their own firm's financial statements with similar data from other firms in four areas: Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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The Graphic Preparatory Association is a special industry unit of PIA which represents and supports the common interests of preparatory trade plants in serving the Graphic Arts Industry. This study of the financial ratios of preparatory specialists is but one of the services GPA offers to its members.

Each year GPA holds two major meetings. In the spring, there is a Technical Awareness Seminar for Management. The two-day session is designed to update members of technological changes in the industry. In the winter, GPA holds its Annual Meeting in a resort location. This three-day session allows a maximum flow of information among the membership through its half-day sessions, social events and the relaxing atmosphere of the resort.

In addition to the meetings and the ratio study, the Association's monthly newsletter *UP FRONT* has become a technical and management resource to over 800 Preparatory Industry leaders. Allowing them to quickly update themselves is the technical and industry news which is of interest to the Preparatory Specialist.

GPA prepares compensation surveys, a quarterly industry activity survey, and publishes an annual buyers' guide. Active membership is open to any PIA member engaged in the operation of a preparatory trade plant serving the GPA Industry. Associate membership is open to any PIA member engaged in the manufacture or distribution of supplies or equipment for use in the preparatory industry.

Ronald S. Ballard
Executive Director
Graphic Preparatory Association
(815) 734-4178

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	2.16	2.61	6.03
Other chargeable materials	15.08	13.16	13.33
Outside services	3.54	6.37	3.54
TOTAL MATERIALS	20.78	22.14	22.90
FACTORY PAYROLL	38.29	35.62	47.32
FACTORY EXPENSES	13.94	13.33	16.28
TOTAL FACTORY COST OF PRODUCT	73.01	71.09	86.50
GROSS PROFIT	26.99	28.91	13.50
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	11.48	10.60	9.28
Selling expenses	10.39	8.08	1.48
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	21.87	18.68	10.76
INCOME BEFORE INTEREST EXPENSE	5.12	10.23	2.74
Interest expense	2.51	1.35	0.34
OPERATING INCOME	2.61	8.88	2.40
Other income	1.03	2.82	0.54
INCOME BEFORE INCOME TAXES	3.64	11.70	2.94

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	0.50%	0.18%	13.33%
Film	9.30	7.95	0.00
Plates	1.84	1.37	0.00
Other chargeable materials	3.44	3.66	0.00
TOTAL OTHER CHARGEABLE MATERIALS	15.08	13.16	13.33
OUTSIDE SERVICES			
Composition	0.12	0.03	0.73
Offset preparation	0.57	0.34	0.00
Printing	1.19	2.60	0.00
Binding	0.31	0.00	1.29
Other outside services	1.35	3.40	1.52
TOTAL OUTSIDE SERVICES	3.54	6.37	3.54

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000		SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%
2.74	1.48	0.00	1.74	5.20
16.55	15.37	13.18	14.61	9.96
2.27	5.26	13.81	2.88	2.29
21.56	22.11	26.99	19.23	17.45
35.98	33.20	29.75	41.07	39.85
15.56	14.31	12.59	12.68	12.70
73.10	69.62	69.33	72.98	70.00
26.90	30.38	30.67	27.02	30.00
11.83	12.97	10.76	10.72	12.21
9.93	13.15	9.07	10.22	8.31
21.76	26.12	19.83	20.94	20.52
5.14	4.26	10.84	6.08	9.48
3.48	3.26	0.88	2.00	0.87
1.66	1.00	9.96	4.08	8.61
0.55	0.82	0.44	1.44	4.53
2.21	1.82	10.40	5.52	13.14
0.64%	0.13%	0.00%	0.48%	0.00%
9.93	10.48	8.87	8.46	5.02
2.00	1.51	2.74	2.15	0.52
3.98	3.25	1.57	3.52	4.42
16.55	15.37	13.18	14.61	9.96
0.12	0.03	0.09	0.06	0.00
0.58	0.57	0.45	0.77	0.36
0.14	2.36	6.84	1.01	0.00
0.43	0.05	0.00	0.25	0.00
1.00	2.25	6.43	0.79	1.93
2.27	5.26	13.81	2.88	2.29

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	3.60%	3.99%	14.39%
Direct wages	26.69	23.78	24.45
General factory salaries and wages	1.39	1.38	0.00
Packing, shipping and delivery wages	0.76	0.31	1.59
Payroll taxes	2.57	2.85	3.51
Employee benefits	3.28	3.31	3.38
TOTAL FACTORY PAYROLL	38.29	35.62	47.32
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.19	0.11	0.00
Depreciation - other	4.27	3.78	5.40
Taxes - real estate	0.21	0.18	0.81
Taxes - other	0.18	0.13	0.29
Insurance	0.54	0.66	1.27
Building rent	1.62	1.67	3.03
Utilities - heat, light, etc.	1.27	1.11	1.73
Equipment rental	0.41	0.65	0.00
Total Fixed Expenses	8.69	8.29	12.53
Other Expenses			
Factory supplies and expense	1.67	2.07	0.22
Packing, shipping and delivery expense	1.39	0.89	1.78
Repairs and maintenance	1.34	1.06	1.04
Other factory expenses	0.85	1.02	0.71
Total Other Expenses	5.25	5.04	3.75
TOTAL FACTORY EXPENSES	13.94	13.33	16.28
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.24	3.19	2.65
Salaries - office	2.42	1.94	2.11
Payroll taxes	0.53	0.77	0.37
Employee benefits	0.86	0.69	0.53
Bad debts	0.52	0.00	0.53
Office supplies and expenses	0.52	0.38	1.93
Professional fees	0.98	0.75	0.21
Taxes - business	0.14	0.09	0.15
Telephone	0.65	0.47	0.55
Other administrative expenses	1.62	2.32	0.25
TOTAL ADMINISTRATIVE EXPENSES	11.48	10.60	9.28
SELLING EXPENSES			
Salaries - executive	0.87	0.62	0.00
Salaries and commissions - salesmen	5.48	3.46	0.00
Salaries - sales office clerical	0.58	1.27	0.00
Payroll taxes	0.32	0.33	0.00
Employee benefits	0.37	0.40	0.00
Advertising	0.56	0.21	0.15
Travel and entertainment	1.24	0.69	0.00
Other selling expenses	0.97	1.10	1.33
TOTAL SELLING EXPENSES	10.39	8.08	1.48

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000		SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
5.60%	1.71%	2.91%	2.29%	3.35%
25.49	24.35	19.85	29.07	26.86
0.40	0.84	0.28	2.37	2.55
0.44	1.03	0.49	0.57	0.25
2.45	2.36	3.20	2.61	2.78
1.60	2.91	3.02	4.16	4.06
35.98	33.20	29.75	41.07	39.85
0.00	0.32	0.15	0.21	0.11
6.22	4.05	3.36	3.50	2.93
0.06	0.24	0.25	0.16	0.18
0.51	0.03	0.07	0.13	0.01
0.71	0.54	1.03	0.35	0.29
2.53	1.47	0.64	1.13	1.60
1.30	1.30	1.36	1.15	0.91
0.14	0.54	0.02	0.49	1.29
11.47	8.49	6.88	7.12	7.32
1.69	1.51	2.68	2.00	2.12
0.72	1.61	0.57	1.43	1.30
1.34	1.51	1.11	1.28	0.99
0.34	1.19	1.35	0.85	0.97
4.09	5.82	5.71	5.56	5.38
15.56	14.31	12.59	12.68	12.70
2.78	3.99	4.16	3.01	3.27
3.30	2.35	1.62	2.19	2.66
0.46	0.80	1.51	0.39	0.40
0.34	0.72	0.17	1.22	1.25
0.70	0.73	(0.06)	0.31	0.04
0.55	0.34	0.39	0.39	0.37
0.97	1.44	0.46	0.80	0.73
0.11	0.19	0.07	0.12	0.11
0.75	0.81	0.46	0.53	0.45
1.87	1.60	1.98	1.76	2.93
11.83	12.97	10.76	10.72	12.21
0.47	1.54	1.08	0.72	0.44
5.58	7.02	4.34	5.35	3.69
0.00	0.47	0.41	0.97	2.24
0.37	0.41	0.41	0.30	0.35
0.25	0.47	0.29	0.42	0.58
1.04	0.66	0.36	0.37	0.07
1.04	1.67	1.06	1.23	0.33
1.18	0.91	1.12	0.86	0.61
9.93	13.15	9.07	10.22	8.31

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	8.49%	12.22%	23.79%
Receivables	34.67	33.69	31.13
Inventories	6.71	6.15	4.74
Other current assets	4.30	5.13	2.12
TOTAL CURRENT ASSETS	54.17	57.19	61.78
FIXED ASSETS			
Real estate	8.64	8.68	0.00
Less: Accumulated depreciation	1.59	0.38	0.00
	7.05	8.30	0.00
Machinery and equipment	66.41	43.75	108.81
Less: Accumulated depreciation	38.57	25.25	78.37
	27.84	18.50	30.44
Other fixed assets	11.86	14.27	18.91
Less: Accumulated depreciation	6.28	7.83	11.13
	5.58	6.44	7.78
NET FIXED ASSETS	40.47	33.24	38.22
OTHER ASSETS	5.36	9.57	0.00
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	11.44	3.94	3.98
Accounts payable	9.98	5.64	19.16
Other current liabilities	14.32	21.32	8.07
TOTAL CURRENT LIABILITIES	35.74	30.90	31.21
LONG-TERM LIABILITIES	25.83	25.00	10.95
TOTAL LIABILITIES	61.57	55.90	42.16
SHAREHOLDERS' AND PROPRIETORS' EQUITY	38.43	44.10	57.84
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.52	1.85	1.98
QUICK RATIO	1.33	1.65	1.83
TOTAL LIABILITIES TO EQUITY	1.60	1.27	0.73
LONG-TERM LIABILITIES TO EQUITY	0.67	0.57	0.19
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.58	0.58	0.72

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000		SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
10.37%	7.18%	1.84%	6.09%	14.81%
24.98	36.94	46.90	37.48	32.19
6.95	5.13	5.72	8.00	8.02
2.63	4.99	6.31	4.87	5.40
44.93	54.24	60.77	56.44	60.42
0.99	12.52	16.02	10.46	5.35
0.59	1.02	0.98	2.62	0.02
0.40	11.50	15.04	7.84	5.33
89.10	54.99	52.48	58.14	25.74
46.25	32.78	33.95	32.81	13.44
42.85	22.21	18.53	25.33	12.30
13.48	14.19	12.93	8.50	16.13
7.46	7.12	7.51	4.46	8.64
6.02	7.07	5.42	4.04	7.49
49.27	40.78	38.99	37.21	25.12
5.80	4.98	0.24	6.35	14.46
100.00	100.00	100.00	100.00	100.00
18.03	14.48	8.26	8.10	1.69
8.13	10.29	6.24	8.95	6.61
5.28	16.64	7.02	17.35	35.79
31.44	41.41	21.52	34.40	44.09
30.82	25.98	16.97	26.26	27.89
62.26	67.39	38.49	60.66	71.98
37.74	32.61	61.51	39.34	28.02
100.00	100.00	100.00	100.00	100.00
1.43	1.31	2.82	1.64	1.37
1.21	1.19	2.56	1.41	1.19
1.65	2.07	0.63	1.54	2.57
0.82	0.80	0.28	0.67	1.00
0.52	0.60	0.65	0.56	0.52

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 31,941	$ 30,670	$ 13,426
Average assets per factory employee (Excluding Executives)	46,320	44,034	20,283
Average net worth per employee - All employees	12,540	15,446	7,934
Average gross plant investment per factory employee (Excluding Executives)	39,910	29,673	25,634
Net worth percentage of fixed assets	131.11%	149.72%	147.44%
EMPLOYEES			
Percent factory - All employees	76.42%	78.82%	86.77%
Percent administrative - All employees	12.52	11.43	13.23
Percent sales - All employees	11.06	9.75	0.00
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 61,530	$ 60,323	$ 46,899
Sales per factory employee	82,326	80,556	55,968
Sales less material per factory employee	65,172	61,559	42,526
Sales per administrative employee	546,832	498,106	216,213
EXCLUDING EXECUTIVES			
Sales per employee - All employees	69,146	67,784	64,184
Sales per factory employee	89,192	87,501	73,009
Sales less material per factory employee	70,643	66,751	55,625
SALES PER SALESMAN	502,784	576,773	0
SALES TO CURRENT ASSETS	404%	394%	601%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	52.97%	48.31%	52.98%
Factory payroll percentage of gross plant investment	104.68	131.27	132.96
Payroll per employee - All employees	$ 32,556	$ 28,938	$ 24,807
Payroll per factory employee	30,646	26,758	25,673
Payroll per administrative employee	35,925	32,567	14,385
Payroll per sales employee	41,634	38,512	0
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 25,615	$ 21,106	$ 17,899
Payroll per factory employee	25,171	20,660	18,925
Payroll per administrative employee	16,666	13,559	9,161
Payroll per sales employee	36,480	32,928	0
EXECUTIVE PAYROLL			
Payroll per executive - All executives	47,719	49,085	30,064
Payroll per factory executive	27,396	33,142	31,272
Payroll per administrative executive	61,340	85,504	9,630
Payroll per sales executive	26,784	22,747	0
RECEIVABLES			
Collection period	63.9	61.2	31.2
PROFIT			
Gross profit percentage of sales	26.99%	28.91%	13.50%
Average gross profit per factory employee	$ 25,054	$ 26,352	$ 10,260
Income before taxes percentage of sales	3.64%	11.70%	2.94%
Average income before taxes per employee	$ 2,409	$ 7,017	$ 1,264

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000		SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 25,918	$ 36,208	$ 33,952	$ 34,523	$ 29,811
41,550	55,787	52,654	46,203	41,411
9,003	13,951	21,187	13,743	11,596
42,675	46,986	42,210	36,496	20,490
95.52%	143.80%	219.76%	133.76%	105.68%
74.65%	70.26%	71.94%	79.50%	78.69%
15.10	14.34	15.57	10.18	11.18
10.25	15.40	12.49	10.32	10.13
$ 52,626	$ 65,347	$ 67,946	$ 64,887	$ 57,342
72,684	94,267	98,270	82,509	75,066
57,683	73,471	71,112	66,325	60,691
293,159	497,603	515,377	733,404	609,680
62,748	73,261	79,562	69,722	61,309
84,355	99,743	107,442	86,735	79,832
67,069	77,688	77,569	69,840	64,578
230,588	370,434	224,681	681,250	928,865
478%	366%	350%	367%	374%
49.52%	50.97%	43.73%	55.65%	54.72%
75.09	84.97	70.76	124.61	191.04
$ 25,896	$ 33,158	$ 29,390	$ 36,036	$ 31,346
25,387	30,677	27,264	33,499	28,581
21,953	36,519	32,551	44,553	40,721
29,854	42,433	33,613	52,622	51,813
$ 21,724	$ 25,868	$ 20,400	$ 28,245	$ 23,507
21,640	25,275	19,936	27,516	22,964
14,279	17,339	12,947	18,397	17,409
26,307	36,372	27,800	46,588	45,006
30,409	42,241	38,607	61,044	61,351
26,936	24,499	31,567	28,860	34,746
24,348	52,134	44,522	90,482	137,615
6,041	32,949	25,392	35,205	26,450
45.6	72.2	86.7	70.8	57.3
26.90%	30.38%	30.67%	27.02%	30.00%
$ 24,346	$ 31,073	$ 34,239	$ 23,783	$ 24,221
2.21%	1.82%	10.40%	5.52%	13.14%
$ 1,352	$ 1,456	$ 6,919	$ 3,646	$ 7,632

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 4.08	$ 5.28	$ 7.46
Receivables	16.97	16.56	8.50
Inventories	3.26	3.18	1.00
Marketable securities	0.22	0.84	0.00
Other current assets	1.89	1.90	0.66
	26.42	27.76	17.62
Plant Investment:			
Land and building	6.00	4.59	0.00
Machinery and equipment	33.48	23.21	31.57
Other fixed assets	5.47	7.23	4.52
	44.95	35.03	36.09
Non-Current Assets	3.13	7.14	0.00
TOTAL INVESTMENT	74.50	69.93	53.71
INVESTMENT TURNOVER PER $100 OF SALES	134.23%	143.00%	186.19%
EARNINGS			
Cost of Product	$73.01	$71.09	$86.50
Selling Expenses	10.39	8.08	1.48
Administrative Expenses	11.48	10.60	9.28
	94.88	89.77	97.26
Income Before Interest, Other Income, and Taxes	5.12	10.23	2.74
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.87%	14.63%	5.10%

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000		SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 5.04	$ 4.48	$ 0.78	$ 2.88	$ 5.91
11.86	19.01	23.68	19.01	15.39
3.22	2.68	2.89	4.03	4.19
0.00	0.05	0.18	0.46	1.54
1.29	2.43	2.95	1.96	1.52
21.41	28.65	30.48	28.34	28.55
0.46	10.07	9.41	6.44	2.11
44.00	30.23	26.92	31.90	15.24
6.30	6.84	6.80	4.38	8.03
50.76	47.14	43.13	42.72	25.38
2.65	2.44	0.15	4.29	11.96
74.82	78.23	73.76	75.35	65.89
133.65%	127.83%	135.57%	132.71%	151.77%
$73.10	$69.62	$69.33	$72.98	$70.00
9.93	13.15	9.07	10.22	8.31
11.83	12.97	10.76	10.72	12.21
94.86	95.74	89.16	93.92	90.52
5.14	4.26	10.84	6.08	9.48
6.87%	5.45%	14.70%	8.07%	14.39%

REPORT ON OPERATIONS - SALES = 100%

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	2.19	3.31	10.44
Other chargeable materials	16.14	14.01	12.93
Outside services	4.37	1.94	0.49
TOTAL MATERIALS	22.70	19.26	23.86
FACTORY PAYROLL	37.26	37.83	36.50
FACTORY EXPENSES	13.58	14.60	14.30
TOTAL FACTORY COST OF PRODUCT	73.54	71.69	74.66
GROSS PROFIT	26.46	28.31	25.34
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	12.30	11.77	8.59
Selling expenses	9.47	10.84	7.30
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	21.77	22.61	15.89
INCOME BEFORE INTEREST EXPENSE	4.69	5.70	9.45
Interest expense	2.85	2.37	2.91
OPERATING INCOME	1.84	3.33	6.54
Other income	0.68	0.74	2.76
INCOME BEFORE INCOME TAXES	2.52	4.07	9.30

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	0.61%	0.43%	0.64%
Film	11.16	9.96	7.81
Plates	0.63	0.76	0.00
Other chargeable materials	3.74	2.86	4.48
TOTAL OTHER CHARGEABLE MATERIALS	16.14	14.01	12.93
OUTSIDE SERVICES			
Composition	0.20	0.00	0.00
Offset preparation	0.40	0.27	0.00
Printing	1.24	0.67	0.00
Binding	0.41	0.17	0.00
Other outside services	2.12	0.83	0.49
TOTAL OUTSIDE SERVICES	4.37	1.94	0.49

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%
0.27	0.00	0.14	4.94	0.00
15.96	13.05	16.27	11.16	14.54
2.78	0.70	2.37	7.19	11.63
19.01	13.75	18.78	23.29	26.17
42.25	43.89	39.00	33.58	32.10
13.69	13.02	13.41	14.56	12.25
74.95	70.66	71.19	71.43	70.52
25.05	29.34	28.81	28.57	29.48
10.49	12.41	12.04	9.71	9.02
10.57	4.98	12.01	10.88	10.49
21.06	17.39	24.05	20.59	19.51
3.99	11.95	4.76	7.98	9.97
3.06	0.76	0.56	1.90	1.10
0.93	11.19	4.20	6.08	8.87
0.95	1.18	0.44	3.61	6.90
1.88	12.37	4.64	9.69	15.77
0.92%	0.00%	0.04%	0.35%	0.00%
10.74	5.94	6.00	5.81	9.12
1.05	1.36	8.26	0.46	0.00
3.25	5.75	1.97	4.54	5.42
15.96	13.05	16.27	11.16	14.54
0.01	0.00	0.26	0.14	0.00
1.84	0.70	0.79	0.34	0.00
0.16	0.00	0.00	4.39	8.04
0.44	0.00	0.00	0.49	0.00
0.33	0.00	1.32	1.83	3.59
2.78	0.70	2.37	7.19	11.63

SUPPORTING SCHEDULES - SALES = 100%

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL			
Salaries - executive	5.24%	2.67%	5.75%
Direct wages	24.86	27.50	24.72
General factory salaries and wages	0.86	0.85	0.60
Packing, shipping and delivery wages	0.71	0.96	0.27
Payroll taxes	2.73	2.40	2.02
Employee benefits	2.86	3.45	3.14
TOTAL FACTORY PAYROLL	37.26	37.83	36.50
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.21	0.14	0.00
Depreciation - other	4.67	4.98	6.92
Taxes - real estate	0.32	0.11	0.00
Taxes - other	0.22	0.21	0.38
Insurance	0.83	0.49	0.74
Building rent	1.67	2.11	3.35
Utilities - heat, light, etc.	1.29	1.01	0.98
Equipment rental	0.42	0.42	0.00
Total Fixed Expenses	9.63	9.47	12.37
Other Expenses			
Factory supplies and expense	0.86	1.41	0.20
Packing, shipping and delivery expense	1.44	1.42	0.41
Repairs and maintenance	1.23	1.36	0.84
Other factory expenses	0.42	0.94	0.48
Total Other Expenses	3.95	5.13	1.93
TOTAL FACTORY EXPENSES	13.58	14.60	14.30
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.47	2.57	1.40
Salaries - office	2.62	2.93	1.84
Payroll taxes	0.77	0.44	0.18
Employee benefits	0.65	1.08	1.67
Bad debts	0.82	0.47	0.05
Office supplies and expenses	0.88	0.39	0.54
Professional fees	0.81	1.60	1.25
Taxes - business	0.10	0.12	0.24
Telephone	0.77	0.68	0.45
Other administrative expenses	1.41	1.49	0.97
TOTAL ADMINISTRATIVE EXPENSES	12.30	11.77	8.59
SELLING EXPENSES			
Salaries - executive	0.67	0.66	0.00
Salaries and commissions - salesmen	5.62	5.89	2.85
Salaries - sales office clerical	0.24	0.34	0.94
Payroll taxes	0.30	0.27	0.18
Employee benefits	0.32	0.44	0.63
Advertising	0.78	0.69	0.16
Travel and entertainment	0.88	1.64	0.49
Other selling expenses	0.66	0.91	2.05
TOTAL SELLING EXPENSES	9.47	10.84	7.30

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
2.70%	4.69%	1.52%	3.80%	3.38%
29.63	28.93	28.18	23.31	21.93
2.91	2.80	0.39	1.92	1.91
0.76	0.00	0.63	0.56	0.70
2.77	3.56	2.57	1.96	1.61
3.48	3.91	5.71	2.03	2.57
42.25	43.89	39.00	33.58	32.10
0.21	0.19	0.00	0.32	0.26
3.62	2.10	2.12	4.26	2.51
0.07	0.01	0.00	0.61	0.71
0.15	0.02	0.07	0.12	0.00
0.27	0.20	0.56	0.23	0.25
1.41	1.70	1.26	0.97	0.67
1.13	0.90	2.13	1.50	0.96
0.26	0.64	0.00	0.98	1.94
7.12	5.76	6.14	8.99	7.30
1.85	2.74	3.95	3.01	2.45
1.61	1.78	1.19	0.78	1.10
1.54	1.32	1.01	1.46	1.24
1.57	1.42	1.12	0.32	0.16
6.57	7.26	7.27	5.57	4.95
13.69	13.02	13.41	14.56	12.25
2.82	3.05	4.50	4.15	4.42
1.95	2.35	1.99	1.80	1.41
0.38	0.51	0.46	0.26	0.22
0.89	0.72	1.64	0.42	0.26
0.40	0.03	(0.04)	0.35	0.01
0.22	0.25	0.29	0.40	0.33
0.75	0.51	0.75	0.70	0.74
0.26	0.00	0.10	0.11	0.10
0.49	0.64	0.52	0.63	0.55
2.33	4.35	1.83	0.89	0.98
10.49	12.41	12.04	9.71	9.02
1.06	0.00	0.69	1.75	1.85
4.72	0.82	5.49	5.75	4.48
1.45	3.17	0.76	0.27	0.54
0.33	0.23	0.40	0.43	0.39
0.24	0.21	0.76	0.39	0.46
0.28	0.07	0.28	0.30	0.36
1.12	0.15	2.02	1.18	1.38
1.37	0.33	1.61	0.81	1.03
10.57	4.98	12.01	10.88	10.49

BALANCE SHEET

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
ASSETS			
CURRENT ASSETS			
Cash	11.17%	9.90%	18.66%
Receivables	33.30	33.55	12.67
Inventories	6.16	6.81	8.23
Other current assets	3.46	5.73	10.53
TOTAL CURRENT ASSETS	54.09	55.99	50.09
FIXED ASSETS			
Real estate	8.18	4.08	0.00
Less: Accumulated depreciation	1.54	0.52	0.00
	6.64	3.56	0.00
Machinery and equipment	72.41	63.04	72.29
Less: Accumulated depreciation	42.88	34.32	37.46
	29.53	28.72	34.83
Other fixed assets	11.96	13.95	10.28
Less: Accumulated depreciation	6.27	7.06	4.48
	5.69	6.89	5.80
NET FIXED ASSETS	41.86	39.17	40.63
OTHER ASSETS	4.05	4.84	9.28
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	15.58	12.79	2.42
Accounts payable	10.71	7.98	1.68
Other current liabilities	7.11	11.42	13.48
TOTAL CURRENT LIABILITIES	33.40	32.19	17.58
LONG-TERM LIABILITIES	26.53	19.92	25.39
TOTAL LIABILITIES	59.93	52.11	42.97
SHAREHOLDERS' AND PROPRIETORS' EQUITY	40.07	47.89	57.03
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.62	1.74	2.85
QUICK RATIO	1.44	1.53	2.38
TOTAL LIABILITIES TO EQUITY	1.50	1.09	0.75
LONG-TERM LIABILITIES TO EQUITY	0.66	0.42	0.45
ACCUMULATED DEPRECIATION MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.59	0.54	0.52

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
6.41%	18.63%	1.58%	5.47%	8.84%
32.67	27.08	54.43	31.83	37.67
6.61	3.60	11.81	4.80	5.40
5.64	0.50	1.96	2.47	3.71
51.33	49.81	69.78	44.57	55.62
10.33	0.00	0.00	24.28	29.84
2.23	0.00	0.00	4.19	0.76
8.10	0.00	0.00	20.09	29.08
61.47	23.98	82.37	53.02	20.61
35.44	12.61	63.43	22.50	9.54
26.03	11.37	18.94	30.52	11.07
11.26	23.99	12.63	7.03	9.43
5.61	13.38	8.61	4.12	5.98
5.65	10.61	4.02	2.91	3.45
39.78	21.98	22.96	53.52	43.60
8.89	28.21	7.26	1.91	0.78
100.00	100.00	100.00	100.00	100.00
7.36	0.96	6.80	6.25	6.19
10.20	5.06	12.45	10.08	12.65
28.11	39.80	16.96	13.84	22.73
45.67	45.82	36.21	30.17	41.57
33.74	37.93	3.49	37.04	30.63
79.41	83.75	39.70	67.21	72.20
20.59	16.25	60.30	32.79	27.80
100.00	100.00	100.00	100.00	100.00
1.12	1.09	1.93	1.48	1.34
0.98	1.01	1.60	1.32	1.21
3.86	5.15	0.66	2.05	2.60
1.64	2.33	0.06	1.13	1.10
0.58	0.53	0.77	0.42	0.46

SIGNIFICANT FACTS

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Average assets per employee - All employees	$ 30,587	$ 35,089	$ 35,887
Average assets per factory employee (Excluding Executives)	47,715	50,249	50,429
Average net worth per employee - All employees	11,629	16,888	20,573
Average gross plant investment per factory employee (Excluding Executives)	41,778	40,657	37,757
Net worth percentage of fixed assets	116.49%	170.26%	146.28%
EMPLOYEES			
Percent factory - All employees	73.03%	77.75%	84.82%
Percent administrative - All employees	15.52	11.77	7.59
Percent sales - All employees	11.45	10.48	7.59
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 61,193	$ 67,344	$ 66,698
Sales per factory employee	86,657	88,404	85,030
Sales less material per factory employee	66,809	71,648	65,620
Sales per administrative employee	408,764	551,603	276,563
EXCLUDING EXECUTIVES			
Sales per employee - All employees	71,335	73,070	73,427
Sales per factory employee	95,642	94,973	93,000
Sales less material per factory employee	73,723	77,080	71,664
SALES PER SALESMAN	391,477	482,342	1,031,500
SALES TO CURRENT ASSETS	436%	376%	436%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	51.94%	52.46%	46.19%
Factory payroll percentage of gross plant investment	103.08	100.23	86.69
Payroll per employee - All employees	$ 31,320	$ 35,611	$ 32,508
Payroll per factory employee	30,274	33,268	31,084
Payroll per administrative employee	28,647	39,731	28,126
Payroll per sales employee	32,307	46,081	25,467
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 24,308	$ 28,284	$ 24,107
Payroll per factory employee	24,305	27,698	24,574
Payroll per administrative employee	14,335	18,755	11,058
Payroll per sales employee	27,996	41,439	20,993
EXECUTIVE PAYROLL			
Payroll per executive - All executives	41,829	51,622	53,105
Payroll per factory executive	31,691	22,356	34,568
Payroll per administrative executive	39,892	72,113	92,992
Payroll per sales executive	19,948	19,380	0
RECEIVABLES			
Collection period	58.0	63.2	26.5
PROFIT			
Gross profit percentage of sales	26.46%	28.31%	25.34%
Average gross profit per factory employee	$ 27,225	$ 27,761	$ 25,682
Income before taxes percentage of sales	2.52%	4.07%	9.30%
Average income before taxes per employee	$ 1,936	$ 2,906	$ 6,108

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 31,055	$ 20,686	$ 29,293	$ 32,786	$ 31,033
40,817	26,440	41,815	47,371	42,630
8,028	6,141	18,054	10,879	8,669
35,791	11,890	39,484	41,092	26,178
91.98%	77.32%	272.71%	66.22%	72.38%
80.23%	82.94%	74.08%	78.18%	79.94%
9.31	10.34	14.73	9.45	9.27
10.46	6.72	11.19	12.37	10.79
$ 54,090	$ 34,229	$ 68,392	$ 59,773	$ 63,469
68,141	41,274	92,402	76,336	79,547
54,816	35,588	75,019	59,163	59,648
716,713	508,922	538,277	642,320	692,462
58,337	37,046	77,795	69,527	72,352
71,396	44,451	97,966	85,620	86,651
57,523	38,353	79,526	66,631	64,822
737,749	1,011,000	377,383	505,473	498,210
387%	448%	351%	438%	388%
56.10%	54.97%	55.70%	48.80%	46.13%
107.79	175.30	100.51	117.55	181.96
$ 30,501	$ 18,808	$ 38,171	$ 29,655	$ 30,190
28,618	18,097	35,946	25,982	26,035
37,853	23,369	42,477	42,635	44,721
46,970	42,345	51,828	43,513	47,047
$ 24,445	$ 14,117	$ 28,940	$ 23,655	$ 23,097
23,882	14,112	28,408	22,360	21,717
16,962	12,145	16,784	18,850	15,668
42,297	39,682	43,051	35,757	36,709
50,072	40,189	54,957	47,851	59,532
28,821	30,722	19,403	27,753	31,493
62,708	56,654	66,179	102,770	143,827
36,668	0	29,917	44,629	68,113
65.4	52.5	88.3	64.3	65.9
25.05%	29.34%	28.81%	28.57%	29.48%
$ 17,722	$ 13,011	$ 28,460	$ 24,633	$ 25,607
1.88%	12.37%	4.64%	9.69%	15.77%
$ 598	$ 4,252	$ 3,128	$ 6,359	$ 10,452

RETURN ON INVESTMENT - PER $100 OF SALES

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Current Assets:			
Cash	$ 5.18	$ 5.27	$ 9.33
Receivables	15.33	16.59	7.17
Inventories	2.69	3.50	4.65
Marketable securities	0.00	0.64	3.08
Other current assets	1.60	2.29	2.85
	24.80	28.29	27.08
Plant Investment:			
Land and building	6.45	3.13	0.00
Machinery and equipment	32.62	32.79	37.56
Other fixed assets	4.77	6.46	5.41
	43.84	42.38	42.97
Non-Current Assets	1.93	2.34	4.58
TOTAL INVESTMENT	70.57	73.01	74.63
INVESTMENT TURNOVER PER $100 OF SALES	141.70%	136.97%	133.99%
EARNINGS			
Cost of Product	$73.54	$71.69	$74.66
Selling Expenses	9.47	10.84	7.30
Administrative Expenses	12.30	11.77	8.59
	95.31	94.30	90.55
Income Before Interest, Other Income, and Taxes	4.69	5.70	9.45
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.65%	7.81%	12.66%

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 2.94	$ 7.12	$ 0.63	$ 2.40	$ 3.49
17.59	13.89	24.01	16.98	18.00
3.64	2.06	4.97	2.50	2.42
0.22	0.00	0.00	0.14	0.27
2.47	0.29	0.76	1.41	2.06
26.86	23.36	30.37	23.43	26.24
6.95	0.00	0.00	13.97	16.35
35.59	14.93	34.51	32.78	13.06
6.08	11.96	5.50	4.00	5.16
48.62	26.89	40.01	50.75	34.57
6.83	23.58	2.88	1.14	0.39
82.31	73.83	73.26	75.32	61.20
121.49%	135.45%	136.50%	132.77%	163.40%
$74.95	$70.66	$71.19	$71.43	$70.52
10.57	4.98	12.01	10.88	10.49
10.49	12.41	12.04	9.71	9.02
96.01	88.05	95.24	92.02	90.03
3.99	11.95	4.76	7.98	9.97
4.85%	16.19%	6.50%	10.60%	16.29%

REPORT ON OPERATIONS - SALES = 100%

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	3.55	1.97	3.48
Other chargeable materials	14.45	15.25	13.20
Outside services	2.59	3.77	8.26
TOTAL MATERIALS	20.59	20.99	24.94
FACTORY PAYROLL	45.70	36.84	32.86
FACTORY EXPENSES	15.02	13.83	13.44
TOTAL FACTORY COST OF PRODUCT	81.31	71.66	71.24
GROSS PROFIT	18.69	28.34	28.76
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	9.94	11.53	10.00
Selling expenses	5.04	11.60	9.11
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	14.98	23.13	19.11
INCOME BEFORE INTEREST EXPENSE	3.71	5.21	9.65
Interest expense	0.23	2.95	1.54
OPERATING INCOME	3.48	2.26	8.11
Other income	0.14	1.04	3.37
INCOME BEFORE INCOME TAXES	3.62	3.30	11.48

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	4.13%	0.37%	0.21%
Film	9.30	9.51	8.32
Plates	1.02	1.91	1.37
Other chargeable materials	0.00	3.46	3.30
TOTAL OTHER CHARGEABLE MATERIALS	14.45	15.25	13.20
OUTSIDE SERVICES			
Composition	0.37	0.06	0.04
Offset preparation	0.19	0.62	0.23
Printing	0.43	1.40	3.46
Binding	0.69	0.21	0.00
Other outside services	0.91	1.48	4.53
TOTAL OUTSIDE SERVICES	2.59	3.77	8.26

** Sample insufficient for Profit Leaders.

SUPPORTING SCHEDULES - SALES = 100%

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL			
Salaries - executive	9.36%	2.59%	3.76%
Direct wages	28.30	26.42	22.07
General factory salaries and wages	0.12	1.51	0.90
Packing, shipping and delivery wages	1.80	0.60	0.41
Payroll taxes	3.41	2.41	2.61
Employee benefits	2.71	3.31	3.11
TOTAL FACTORY PAYROLL	45.70	36.84	32.86
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.00	0.22	0.09
Depreciation - other	4.09	4.39	4.34
Taxes - real estate	0.40	0.19	0.24
Taxes - other	0.21	0.18	0.16
Insurance	0.98	0.46	0.81
Building rent	2.40	1.49	1.66
Utilities - heat, light, etc.	1.24	1.28	1.18
Equipment rental	0.22	0.45	0.66
Total Fixed Expenses	9.54	8.66	9.14
Other Expenses			
Factory supplies and expense	0.66	1.80	1.84
Packing, shipping and delivery expense	2.98	1.12	0.59
Repairs and maintenance	1.09	1.39	0.98
Other factory expenses	0.75	0.86	0.89
Total Other Expenses	5.48	5.17	4.30
TOTAL FACTORY EXPENSES	15.02	13.83	13.44
ADMINISTRATIVE EXPENSES			
Salaries - executive	1.86	3.46	3.24
Salaries - office	2.67	2.35	1.80
Payroll taxes	0.32	0.55	0.85
Employee benefits	0.58	0.90	0.68
Bad debts	0.42	0.56	(0.01)
Office supplies and expenses	1.14	0.40	0.43
Professional fees	1.45	0.89	0.83
Taxes - business	0.12	0.15	0.12
Telephone	0.58	0.66	0.42
Other administrative expenses	0.80	1.61	1.64
TOTAL ADMINISTRATIVE EXPENSES	9.94	11.53	10.00
SELLING EXPENSES			
Salaries - executive	0.00	1.05	0.83
Salaries and commissions - salesmen	2.35	6.17	4.35
Salaries - sales office clerical	1.05	0.51	0.64
Payroll taxes	0.18	0.36	0.37
Employee benefits	0.08	0.43	0.46
Advertising	0.28	0.63	0.25
Travel and entertainment	0.25	1.44	0.86
Other selling expenses	0.85	1.01	1.35
TOTAL SELLING EXPENSES	5.04	11.60	9.11

** Sample insufficient for Profit Leaders.

BALANCE SHEET

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
ASSETS			
CURRENT ASSETS			
Cash	23.91%	5.90%	10.08%
Receivables	31.25	35.81	35.89
Inventories	5.51	7.04	7.01
Other current assets	2.68	4.72	6.68
TOTAL CURRENT ASSETS	63.35	53.47	59.66
FIXED ASSETS			
Real estate	0.00	10.47	11.58
Less: Accumulated depreciation	0.00	1.93	0.51
	0.00	8.54	11.07
Machinery and equipment	77.03	65.70	50.34
Less: Accumulated depreciation	54.30	36.52	29.47
	22.73	29.18	20.87
Other fixed assets	20.59	10.21	11.03
Less: Accumulated depreciation	13.12	5.02	5.98
	7.47	5.19	5.05
NET FIXED ASSETS	30.20	42.91	36.99
OTHER ASSETS	6.45	3.62	3.35
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	1.99	13.45	4.94
Accounts payable	14.36	9.43	5.84
Other current liabilities	16.39	13.97	15.15
TOTAL CURRENT LIABILITIES	32.74	36.85	25.93
LONG-TERM LIABILITIES	13.44	27.84	20.69
TOTAL LIABILITIES	46.18	64.89	46.62
SHAREHOLDERS' AND PROPRIETORS' EQUITY	53.82	35.31	53.38
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.93	1.45	2.30
QUICK RATIO	1.77	1.26	2.03
TOTAL LIABILITIES TO EQUITY	0.86	1.84	0.87
LONG-TERM LIABILITIES TO EQUITY	0.25	0.79	0.39
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.70	0.56	0.59

** Sample insufficient for Profit Leaders.

SIGNIFICANT FACTS

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Average assets per employee - All employees	$ 16,174	$ 34,893	$ 33,998
Average assets per factory employee (Excluding Executives)	22,894	50,882	49,899
Average net worth per employee - All employees	9,802	12,984	18,547
Average gross plant investment per factory employee (Excluding Executives)	21,387	44,048	35,600
Net worth percentage of fixed assets	228.41%	110.45%	173.85%
EMPLOYEES			
Percent factory - All employees	83.38%	74.98%	77.45%
Percent administrative - All employees	11.16	12.64	11.79
Percent sales - All employees	5.46	12.38	10.76
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 47,169	$ 64,950	$ 69,021
Sales per factory employee	57,528	88,051	93,650
Sales less material per factory employee	45,391	69,656	70,217
Sales per administrative employee	420,890	579,905	494,501
EXCLUDING EXECUTIVES			
Sales per employee - All employees	57,502	72,253	78,031
Sales per factory employee	68,426	94,353	101,851
Sales less material per factory employee	53,825	74,723	76,217
SALES PER SALESMAN	783,902	475,566	489,928
SALES TO CURRENT ASSETS	502%	382%	376%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	54.80%	52.62%	46.08%
Factory payroll percentage of gross plant investment	152.94	95.29	116.59
Payroll per employee - All employees	$ 25,678	$ 34,226	$ 32,315
Payroll per factory employee	25,388	31,997	29,645
Payroll per administrative employee	22,626	38,784	35,633
Payroll per sales employee	19,849	44,869	37,234
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 20,405	$ 26,941	$ 23,435
Payroll per factory employee	20,384	26,396	22,843
Payroll per administrative employee	15,463	17,154	14,031
Payroll per sales employee	18,788	38,911	30,677
EXECUTIVE PAYROLL			
Payroll per executive - All executives	22,924	52,039	52,050
Payroll per factory executive	23,090	27,896	33,949
Payroll per administrative executive	15,917	69,303	95,120
Payroll per sales executive	0	32,465	30,329
RECEIVABLES			
Collection period	39.4	68.6	64.1
PROFIT			
Gross profit percentage of sales	18.69%	28.34%	28.76%
Average gross profit per factory employee	$ 12,957	$ 27,589	$ 30,799
Income before taxes percentage of sales	3.62%	3.30%	11.48%
Average income before taxes per employee	$ 1,409	$ 2,504	$ 7,939

** Sample insufficient for Profit Leaders.

RETURN ON INVESTMENT - PER $100 OF SALES

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Current Assets:			
Cash	$ 8.40	$ 3.38	$ 4.66
Receivables	10.40	18.25	17.46
Inventories	1.76	3.55	3.55
Marketable securities	0.00	0.27	1.12
Other current assets	0.98	2.10	2.43
	21.54	27.55	29.22
Plant Investment:			
Land and building	0.00	7.27	6.12
Machinery and equipment	24.96	35.39	25.98
Other fixed assets	6.59	5.08	5.65
	31.55	47.74	37.75
Non-Current Assets	2.65	1.88	1.66
TOTAL INVESTMENT	55.74	77.17	68.63
INVESTMENT TURNOVER PER $100 OF SALES	179.40%	129.58%	145.71%
EARNINGS			
Cost of Product	$81.31	$71.66	$71.24
Selling Expenses	5.04	11.60	9.11
Administrative Expenses	9.94	11.53	10.00
	96.29	94.79	90.35
Income Before Interest, Other Income, and Taxes	3.71	5.21	9.65
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.66%	6.75%	14.06%

** Sample insufficent for Profit Leaders.

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	40	$1,913,000	$3,431,000	$161,000
TOTAL - PROFIT LEADERS*	8	2,046,000	3,610,000	467,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$500,000	3	99,000	338,000	9,000
$500,000-$1,500,000	7	466,000	933,000	7,000
$1,500,000-$3,000,000	12	1,131,000	2,037,000	30,000
Over $3,000,000	18	3,299,000	5,848,000	333,000
PROFIT LEADERS				
$1,500,000-$3,000,000	3	851,000	1,638,000	169,000
Over $3,000,000	4	3,375,000	5,831,000	792,000
BY MARKET				
ALL FIRMS				
Printers and Lithographers	14	1,161,000	2,210,000	71,000
Advertising Agencies	10	1,512,000	2,897,000	143,000
Publishers	9	3,421,000	5,487,000	173,000
Carton Manufacturers	3	1,149,000	2,724,000	109,000
Other	4	2,726,000	4,947,000	531,000
PROFIT LEADERS				
Advertising Agencies	2	2,035,000	3,640,000	322,000
Publishers	2	3,675,000	5,307,000	714,000
Other	2	1,691,000	3,813,000	676,000
BY TYPE OF WORK				
ALL FIRMS				
Black and White	6	455,000	1,220,000	61,000
Color Work	33	2,049,000	3,714,000	150,000
PROFIT LEADERS				
Color Work	6	1,504,000	3,045,000	385,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 30.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finaily, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1984 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1985 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director
PIA Financial Services

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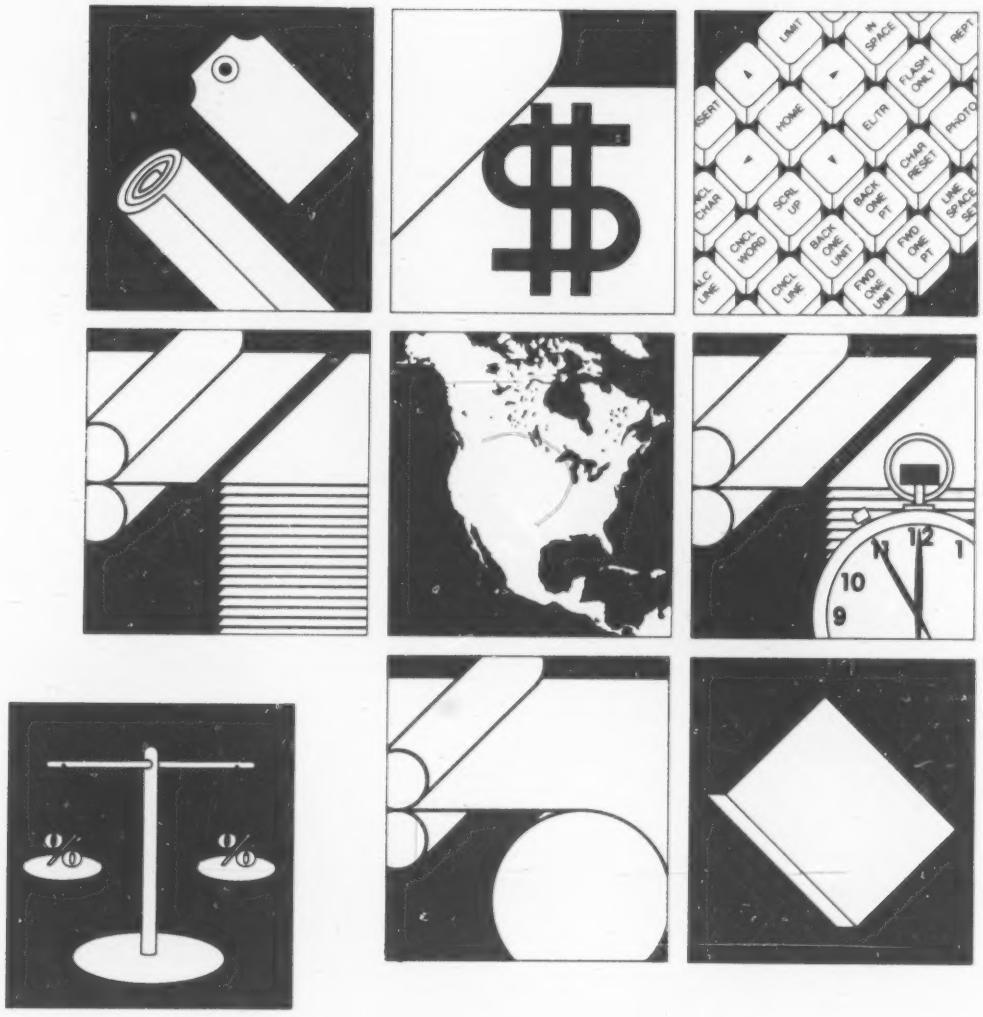
PPA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



Volume XII
Preparatory Specialists

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Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

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- Running in the Black: Six Steps to Managing Printing Profitability
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- 1983 Survey of Sales Management: Practices and Compensation

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Volume XII: Preparatory Specialists

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PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-4805

Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1985 PIA FINANCIAL RATIOS FOR PREPATORY SPECIALISTS who participated in the 1985 Ratio Studies. This Ratio Study was developed on the basis of questionnaires volunteered by 46 firms and presents the ratios and statistics of Preparatory Specialists by sales volume, product specialty and market.

Thus the user of the report can direct himself to the standards for his sales size — for example, sales to $500,000, sales from $500,000 to $1,500,000 etc.; market — for example Printers and Lithographers, Advertising Agencies, etc. and type of work — for example, Black and White and Color Work. Readers can compare the data from their own firm's financial statements with similar data from other firms in four areas: Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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The Graphic Preparatory Association is a special industry unit of PIA which represents and supports the common interests of preparatory trade plants in serving the Graphic Arts Industry. This study of the financial ratios of preparatory specialists is but one of the services GPA offers to its members.

Each year GPA holds two major meetings. In the spring, there is a Technical Awareness Seminar for Management. The two-day session is designed to update members of technological changes in the industry. In the winter, GPA holds its Annual Meeting in a resort location. This three-day session allows a maximum flow of information among the membership through its half-day sessions, social events and the relaxing atmosphere of the resort.

In addition to the meetings and the ratio study, the Association's monthly newsletter *UP FRONT* has become a technical and management resource to over 800 Preparatory Industry leaders. Allowing them to quickly update themselves is the technical and industry news which is of interest to the Preparatory Specialist.

GPA prepares compensation surveys, a quarterly industry activity survey, and publishes an annual buyers' guide. Active membership is open to any PIA member engaged in the operation of a preparatory trade plant serving the GPA Industry. Associate membership is open to any PIA member engaged in the manufacture or distribution of supplies or equipment for use in the preparatory industry.

Ronald S. Ballard
Executive Director
Graphic Preparatory Association
(815) 734-4178

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	2.15	0.50	6.68
Other chargeable materials	14.59	13.93	11.40
Outside services	3.77	5.30	5.24
TOTAL MATERIALS	20.51	19.73	23.32
FACTORY PAYROLL	35.71	33.61	30.85
FACTORY EXPENSES	13.44	12.31	15.55
TOTAL FACTORY COST OF PRODUCT	69.66	65.65	69.72
GROSS PROFIT	30.34	34.35	30.28
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	12.58	11.25	17.76
Selling expenses	10.65	9.89	4.12
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	23.23	21.14	21.88
INCOME BEFORE INTEREST EXPENSE	7.11	13.21	8.40
Interest expense	2.55	2.04	3.96
OPERATING INCOME	4.56	11.17	4.44
Other income (expense)	0.28	0.05	(0.07)
INCOME BEFORE INCOME TAXES	4.84	11.22	4.37

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	0.20%	0.11%	0.00%
Film	9.56	9.31	11.40
Plates	1.15	1.41	0.00
Other chargeable materials	3.68	3.10	0.00
TOTAL OTHER CHARGEABLE MATERIALS	14.59	13.93	11.40
OUTSIDE SERVICES			
Composition	0.15	0.07	1.07
Offset preparation	1.14	1.96	0.88
Printing	1.19	1.48	1.32
Binding	0.21	0.25	1.06
Other outside services	1.08	1.54	0.91
TOTAL OUTSIDE SERVICES	3.77	5.30	5.24

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000		SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%
0.36	0.53	0.00	2.48	0.73
14.15	17.55	14.46	13.85	13.32
3.18	4.55	8.29	3.20	4.58
17.69	22.63	22.75	19.53	18.63
42.41	33.24	29.09	36.31	36.10
14.36	12.61	12.30	13.18	12.25
74.46	68.48	64.14	69.02	66.98
25.54	31.52	35.86	30.98	33.02
14.86	12.84	13.60	10.72	9.74
8.02	11.73	9.39	12.18	10.17
22.88	24.57	22.99	22.90	19.91
2.66	6.95	12.87	8.08	13.11
1.14	3.31	0.90	2.23	2.40
1.52	3.64	11.97	5.85	10.71
1.36	(0.47)	(1.75)	0.47	0.64
2.88	3.17	10.22	6.32	11.35
0.42%	0.10%	0.00%	0.22%	0.15%
6.28	9.48	8.91	9.95	9.19
2.64	1.98	2.77	0.65	0.84
4.81	5.99	2.78	3.03	3.14
14.15	17.55	14.46	13.85	13.32
0.00	0.09	0.22	0.07	0.03
0.24	0.96	1.87	1.42	1.89
1.22	2.27	2.59	0.56	1.27
0.00	0.00	0.00	0.23	0.37
1.72	1.23	3.61	0.92	1.02
3.18	4.55	8.29	3.20	4.58

CHAPTER 1 - BY SIZE OF FIRM

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.80%	2.25%	5.89%
Direct wages	25.44	24.29	18.31
General factory salaries and wages	1.42	1.29	0.00
Packing, shipping and delivery wages	0.84	0.32	2.54
Payroll taxes	2.23	2.27	1.89
Employee benefits	2.98	3.19	2.22
TOTAL FACTORY PAYROLL	35.71	33.61	30.85
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.33	0.19	0.55
Depreciation - other	4.51	4.74	4.42
Taxes - real estate	0.14	0.15	0.04
Taxes - other	0.11	0.18	0.09
Insurance	0.69	0.51	1.29
Building rent	1.62	0.98	3.22
Utilities - heat, light, etc.	1.21	0.93	1.15
Equipment rental	0.84	0.28	1.74
Total Fixed Expenses	9.45	7.96	12.50
Other Expenses			
Factory supplies and expense	1.11	1.46	0.66
Packing, shipping and delivery expense	0.98	0.78	0.70
Repairs and maintenance	1.49	1.52	1.65
Other factory expenses	0.41	0.59	0.04
Total Other Expenses	3.99	4.35	3.05
TOTAL FACTORY EXPENSES	13.44	12.31	15.55
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.81	3.25	6.17
Salaries - office	2.52	2.13	3.16
Payroll taxes	0.72	0.61	0.64
Employee benefits	0.84	0.56	0.68
Bad debts	0.68	0.39	1.49
Office supplies and expenses	0.48	0.48	0.79
Professional fees	0.79	0.82	1.29
Taxes - business	0.27	0.37	0.49
Telephone	0.69	0.51	0.72
Other administrative expenses	1.78	2.13	2.33
TOTAL ADMINISTRATIVE EXPENSES	12.58	11.25	17.76
SELLING EXPENSES			
Salaries - executive	1.43	0.80	0.76
Salaries and commissions - salesmen	5.38	4.95	0.65
Salaries - sales office clerical	0.37	0.76	0.00
Payroll taxes	0.32	0.28	0.00
Employee benefits	0.32	0.33	0.07
Advertising	0.72	0.65	1.62
Travel and entertainment	1.47	1.58	0.58
Other selling expenses	0.64	0.54	0.44
TOTAL SELLING EXPENSES	10.65	9.89	4.12

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000		SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.90%	2.54%	2.31%	1.98%	1.86%
32.84	24.04	20.40	25.79	26.47
0.03	0.96	0.19	2.34	1.80
0.58	0.70	0.09	0.60	0.44
2.15	2.70	3.46	2.09	1.91
2.91	2.30	2.64	3.51	3.62
42.41	33.24	29.09	36.31	36.10
0.04	0.64	0.00	0.20	0.28
4.68	3.45	3.94	5.06	5.28
0.25	0.12	0.10	0.15	0.18
0.00	0.09	0.19	0.16	0.19
1.97	0.57	1.15	0.28	0.26
1.65	1.56	0.80	1.29	0.71
1.73	1.30	1.36	1.03	0.87
0.22	0.61	0.02	0.92	0.13
10.54	8.34	7.56	9.09	7.90
0.90	1.11	2.07	1.26	1.43
1.31	0.74	0.26	1.08	1.00
1.56	1.51	0.92	1.43	1.56
0.05	0.91	1.49	0.32	0.36
3.82	4.27	4.74	4.09	4.35
14.36	12.61	12.30	13.18	12.25
4.94	4.03	4.28	2.87	2.67
2.52	2.58	2.07	2.36	2.25
1.66	0.87	1.66	0.41	0.33
1.49	0.48	0.15	0.90	0.75
0.23	0.93	0.45	0.50	0.24
0.41	0.49	0.59	0.43	0.41
0.67	1.12	1.41	0.54	0.56
0.14	0.08	0.07	0.35	0.28
0.70	0.75	0.40	0.65	0.50
2.10	1.51	2.52	1.71	1.75
14.86	12.84	13.60	10.72	9.74
2.59	1.64	0.34	1.17	1.04
2.82	6.26	5.85	6.60	5.20
0.00	0.27	0.44	0.60	0.95
0.23	0.51	0.40	0.32	0.27
0.14	0.42	0.21	0.36	0.41
0.28	0.48	0.27	0.76	0.21
1.30	1.47	0.95	1.71	1.76
0.66	0.68	0.93	0.66	0.33
8.02	11.73	9.39	12.18	10.17

CHAPTER 1 - BY SIZE OF FIRM

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	7.41%	4.77%	8.71%
Receivables	36.02	37.22	33.82
Inventories	5.90	5.46	9.00
Other current assets	4.57	8.02	4.47
TOTAL CURRENT ASSETS	53.90	55.47	56.00
FIXED ASSETS			
Real estate	7.77	9.56	8.19
Less: Accumulated depreciation	1.65	2.20	0.67
	6.12	7.36	7.52
Machinery and equipment	64.53	56.58	73.04
Less: Accumulated depreciation	34.90	27.43	45.20
	29.63	29.15	27.84
Other fixed assets	11.55	7.01	14.57
Less: Accumulated depreciation	5.90	3.47	6.25
	5.65	3.54	8.32
NET FIXED ASSETS	41.40	40.05	43.68
OTHER ASSETS	4.70	4.48	0.32
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.40	6.86	7.83
Accounts payable	10.82	7.82	21.59
Other current liabilities	10.81	11.37	12.37
TOTAL CURRENT LIABILITIES	32.03	26.05	41.79
LONG-TERM LIABILITIES	31.44	22.94	41.11
TOTAL LIABILITIES	63.47	48.99	82.90
SHAREHOLDERS' AND PROPRIETORS' EQUITY	36.53	51.01	17.10
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.68	2.13	1.34
QUICK RATIO	1.50	1.92	1.12
TOTAL LIABILITIES TO EQUITY	1.74	0.96	4.85
LONG-TERM LIABILITIES TO EQUITY	0.86	0.45	2.40
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.54	0.48	0.62

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000		SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
15.44%	4.45%	5.97%	6.58%	2.82%
31.77	37.73	46.50	36.69	33.65
5.01	5.04	5.57	5.91	5.92
4.91	5.46	5.49	4.06	7.90
57.13	52.68	63.53	53.24	50.29
1.04	8.71	2.33	8.95	13.03
0.71	1.11	0.53	2.39	3.00
0.33	7.60	1.80	6.56	10.03
79.38	62.89	61.08	59.65	54.40
50.68	32.76	30.63	29.66	24.87
28.70	30.13	30.45	29.99	29.53
17.65	8.98	9.01	10.65	7.12
11.88	4.72	4.83	4.89	3.40
5.77	4.26	4.18	5.76	3.72
34.80	41.99	36.43	42.31	43.28
8.07	5.33	0.04	4.45	6.43
100.00	100.00	100.00	100.00	100.00
11.49	10.10	4.16	10.84	7.72
9.78	7.60	3.36	10.44	7.73
7.85	14.16	10.77	9.49	11.19
29.12	31.86	18.29	30.77	26.64
21.24	36.04	19.93	29.59	24.20
50.36	67.90	38.22	60.36	50.84
49.64	32.10	61.78	39.64	49.16
100.00	100.00	100.00	100.00	100.00
1.96	1.65	3.47	1.73	1.89
1.79	1.50	3.17	1.54	1.67
1.01	2.12	0.62	1.52	1.03
0.43	1.12	0.32	0.75	0.49
0.64	0.52	0.50	0.50	0.46

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 38,362	$ 47,611	$ 25,124
Average assets per factory employee (Excluding Executives)	56,082	67,479	43,353
Average net worth per employee - All employees	13,679	23,167	3,026
Average gross plant investment per factory employee (Excluding Executives)	45,767	52,487	39,725
Net worth percentage of fixed assets	121.62%	169.96%	63.71%
EMPLOYEES			
Percent factory - All employees	74.88%	76.69%	72.43%
Percent administrative - All employees	14.13	13.20	23.57
Percent sales - All employees	10.99	10.11	4.00
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 69,070	$ 78,823	$ 50,805
Sales per factory employee	93,072	104,834	71,735
Sales less material per factory employee	73,852	83,702	55,085
Sales per administrative employee	622,212	774,197	229,511
EXCLUDING EXECUTIVES			
Sales per employee - All employees	77,533	86,623	67,194
Sales per factory employee	99,918	110,927	84,866
Sales less material per factory employee	79,249	88,552	65,189
SALES PER SALESMAN	715,110	1,312,832	0
SALES TO CURRENT ASSETS	411%	341%	437%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	51.42%	47.28%	42.97%
Factory payroll percentage of gross plant investment	102.31	95.46	81.94
Payroll per employee - All employees	$ 35,304	$ 37,449	$ 21,943
Payroll per factory employee	32,755	34,820	22,220
Payroll per administrative employee	39,644	40,897	22,674
Payroll per sales employee	50,259	58,469	4,209
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 27,811	$ 29,389	$ 16,466
Payroll per factory employee	27,141	28,380	17,339
Payroll per administrative employee	18,196	20,033	14,254
Payroll per sales employee	42,092	51,875	2,775
EXECUTIVE PAYROLL			
Payroll per executive - All executives	57,185	60,560	30,091
Payroll per factory executive	35,551	36,358	26,049
Payroll per administrative executive	71,327	87,885	27,148
Payroll per sales executive	43,072	45,792	6,476
RECEIVABLES			
Collection period	68.4	77.9	53.9
PROFIT			
Gross profit percentage of sales	30.34%	34.35%	30.28%
Average gross profit per factory employee	$ 30,659	$ 37,846	$ 25,285
Income before taxes percentage of sales	4.84%	11.22%	4.37%
Average income before taxes per employee	$ 3,643	$ 8,730	$ 2,162

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000		SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 23,059	$ 36,115	$ 43,024	$ 46,405	$ 52,339
33,502	56,121	66,869	64,720	72,436
10,456	13,373	26,129	16,995	24,015
29,559	45,790	48,857	51,297	57,806
210.04%	90.27%	206.91%	127.50%	158.55%
77.29%	70.22%	70.90%	77.22%	77.63%
14.68	15.73	17.42	11.09	11.67
8.03	14.05	11.68	11.69	10.70
$ 49,878	$ 66,701	$ 77,800	$ 79,284	$ 82,884
64,732	96,156	112,945	103,494	107,900
52,695	74,487	86,285	83,120	87,470
380,372	481,033	628,323	844,330	873,573
58,915	75,290	89,132	85,807	89,187
69,597	102,882	121,115	109,553	113,243
56,679	79,652	92,444	87,983	91,840
305,179	398,812	471,067	950,564	1,673,588
52%	395%	292%	385%	360%
58.81%	50.30%	44.48%	51.91%	49.96%
115.07	85.97	75.09	111.93	102.27
$ 28,806	$ 33,388	$ 34,365	$ 40,904	$ 41,051
27,122	31,144	31,142	37,355	38,457
37,069	34,838	40,844	46,513	43,086
29,127	42,767	48,397	69,692	68,323
$ 22,338	$ 25,739	$ 25,127	$ 32,787	$ 32,976
22,720	25,600	23,250	31,230	32,155
12,586	16,457	18,018	21,425	21,654
14,210	34,778	43,976	61,729	60,272
35,440	55,243	48,319	69,760	68,447
29,888	39,590	39,529	36,988	36,419
36,775	61,752	57,479	94,939	104,863
17,004	51,889	16,381	53,227	60,683
56.8	73.6	91.9	71.9	74.4
25.54%	31.52%	35.86%	30.98%	33.02%
$ 17,644	$ 33,214	$ 43,770	$ 33,889	$ 37,314
2.88%	3.17%	10.22%	6.32%	11.35%
$ 1,638	$ 2,453	$ 7,945	$ 5,109	$ 9,306

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 4.36	$ 2.44	$ 3.89
Receivables	18.16	21.01	14.40
Inventories	3.01	3.24	4.57
Marketable securities	0.71	1.77	0.00
Other current assets	1.79	2.77	1.74
	28.03	31.23	24.60
Plant Investment:			
Land and building	5.15	6.04	5.53
Machinery and equipment	33.95	35.11	34.13
Other fixed assets	5.49	3.98	4.98
	44.59	45.13	44.64
Non-Current Assets	2.32	2.43	0.15
TOTAL INVESTMENT	74.94	78.79	69.39
INVESTMENT TURNOVER PER $100 OF SALES	133.44%	126.92%	144.11%
EARNINGS			
Cost of Product	$69.66	$65.65	$69.72
Selling Expenses	10.65	9.89	4.12
Administrative Expenses	12.58	11.25	17.76
	92.89	86.79	91.60
Income Before Interest, Other Income (Expense), and Taxes	7.11	13.21	8.40
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	9.49%	16.77%	12.11%

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000		SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 6.78	$ 2.83	$ 3.51	$ 4.62	$ 1.50
15.45	19.43	25.04	19.05	20.08
2.68	2.29	2.93	3.13	3.66
0.78	0.40	0.00	1.01	2.55
1.65	2.47	3.00	1.47	2.24
27.34	27.42	34.48	29.28	30.03
0.81	6.58	1.28	5.44	8.30
32.97	32.86	33.89	34.74	36.52
8.93	4.23	4.71	5.37	4.17
42.71	43.67	39.88	45.55	48.99
3.37	2.78	0.03	2.28	3.49
73.42	73.87	74.39	77.11	82.51
136.20%	135.37%	134.43%	129.68%	121.20%
$74.46	$68.48	$64.14	$69.02	$66.98
8.02	11.73	9.39	12.18	10.17
14.86	12.84	13.60	10.72	9.74
97.34	93.05	87.13	91.92	86.89
2.66	6.95	12.87	8.08	13.11
3.62%	9.41%	17.30%	10.48%	15.89%

REPORT ON OPERATIONS - SALES = 100%

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	3.87	0.50	1.87	0.97
Other chargeable materials	12.56	14.67	15.41	13.77
Outside services	4.34	7.83	3.46	4.20
TOTAL MATERIALS	20.77	23.00	20.74	18.94
FACTORY PAYROLL	34.62	29.20	34.90	34.44
FACTORY EXPENSES	14.44	10.54	11.88	10.59
TOTAL FACTORY COST OF PRODUCT	69.83	62.74	67.52	63.97
GROSS PROFIT	30.17	37.26	32.48	36.03
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	13.10	12.50	12.98	11.86
Selling expenses	10.11	11.26	11.99	10.04
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	23.21	23.76	24.97	21.90
INCOME BEFORE INTEREST EXPENSE	6.96	13.50	7.51	14.13
Interest expense	3.14	2.39	2.03	1.65
OPERATING INCOME	3.82	11.11	5.48	12.48
Other income (expense)	(0.40)	(1.31)	0.79	0.34
INCOME BEFORE INCOME TAXES	3.42	9.80	6.27	12.82

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	0.11%	0.14%	0.34%	0.21%
Film	9.23	10.73	11.22	8.33
Plates	0.78	0.86	0.74	0.55
Other chargeable materials	2.44	2.94	3.11	4.68
TOTAL OTHER CHARGEABLE MATERIALS	12.56	14.67	15.41	13.77
OUTSIDE SERVICES				
Composition	0.32	0.01	0.02	0.04
Offset preparation	0.76	1.91	0.62	0.93
Printing	1.72	2.62	1.38	2.11
Binding	0.35	0.27	0.28	0.53
Other outside services	1.19	3.02	1.16	0.59
TOTAL OUTSIDE SERVICES	4.34	7.83	3.46	4.20

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%
0.31	0.23	0.00	2.67
15.37	12.74	19.23	12.98
3.63	3.95	3.65	2.80
19.31	16.92	22.88	18.45
37.13	35.75	39.57	35.96
14.13	15.14	12.82	14.15
70.57	67.81	75.27	68.56
29.43	32.19	24.73	31.44
11.48	12.19	12.70	11.08
9.39	5.99	8.43	13.94
20.87	18.18	21.13	25.02
8.56	14.01	3.60	6.42
3.32	2.92	1.23	1.41
5.24	11.09	2.37	5.01
0.21	0.62	1.34	0.35
5.45	11.71	3.71	5.36
0.25%	0.10%	0.00%	0.17%
9.21	8.39	9.67	6.04
0.87	1.63	6.00	0.50
5.04	2.62	3.56	6.27
15.37	12.74	19.23	12.98
0.05	0.01	0.18	0.06
2.69	3.49	1.14	0.00
0.72	0.13	0.79	0.00
0.02	0.05	0.00	0.18
0.15	0.27	1.54	2.56
3.63	3.95	3.65	2.80

SUPPORTING SCHEDULES - SALES = 100%

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	3.90%	1.45%	2.03%	2.50%
Direct wages	24.84	21.89	25.04	24.60
General factory salaries and wages	0.70	0.93	1.35	2.00
Packing, shipping and delivery wages	0.67	0.12	1.19	0.65
Payroll taxes	2.29	2.94	1.91	1.50
Employee benefits	2.22	1.87	3.38	3.19
TOTAL FACTORY PAYROLL	34.62	29.20	34.90	34.44
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.47	0.09	0.19	0.16
Depreciation - other	4.71	4.04	4.21	3.62
Taxes - real estate	0.12	0.21	0.18	0.10
Taxes - other	0.13	0.21	0.09	0.05
Insurance	0.95	1.04	0.65	0.38
Building rent	2.01	0.90	1.49	1.86
Utilities - heat, light, etc.	1.20	0.96	1.01	0.60
Equipment rental	1.42	0.06	0.51	0.69
Total Fixed Expenses	11.01	7.51	8.33	7.46
Other Expenses				
Factory supplies and expense	1.08	1.11	0.83	0.66
Packing, shipping and delivery expense	0.97	0.68	0.64	0.47
Repairs and maintenance	1.24	0.95	1.65	1.88
Other factory expenses	0.14	0.29	0.43	0.12
Total Other Expenses	3.43	3.03	3.55	3.13
TOTAL FACTORY EXPENSES	14.44	10.54	11.88	10.59
ADMINISTRATIVE EXPENSES				
Salaries - executive	3.91	3.94	4.04	3.82
Salaries - office	2.13	1.87	2.94	2.00
Payroll taxes	0.92	1.32	0.64	0.13
Employee benefits	0.69	0.18	1.13	0.71
Bad debts	1.14	0.45	0.58	0.46
Office supplies and expenses	0.65	0.60	0.41	0.50
Professional fees	1.03	1.24	0.77	0.75
Taxes - business	0.28	0.23	0.28	0.72
Telephone	0.74	0.63	0.63	0.55
Other administrative expenses	1.61	2.04	1.56	2.22
TOTAL ADMINISTRATIVE EXPENSES	13.10	12.50	12.98	11.86
SELLING EXPENSES				
Salaries - executive	1.68	0.90	1.74	0.61
Salaries and commissions - salesmen	5.51	6.23	5.52	4.04
Salaries - sales office clerical	0.40	0.95	0.43	1.02
Payroll taxes	0.35	0.49	0.25	0.19
Employee benefits	0.30	0.38	0.39	0.47
Advertising	0.30	0.22	1.34	1.60
Travel and entertainment	1.25	1.54	1.77	1.73
Other selling expenses	0.32	0.55	0.55	0.38
TOTAL SELLING EXPENSES	10.11	11.26	11.99	10.04

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
2.37%	2.84%	2.61%	2.08%
25.98	25.96	28.97	24.27
2.69	0.82	0.07	3.64
0.83	0.16	0.50	0.52
2.38	2.30	2.70	2.39
2.88	3.67	4.72	3.06
37.13	35.75	39.57	35.96
0.43	0.35	0.00	0.41
5.22	7.21	2.46	5.48
0.11	0.13	0.10	0.27
0.19	0.37	0.03	0.04
0.33	0.21	0.91	0.25
1.45	0.04	1.62	0.59
1.16	0.98	2.19	0.97
0.47	0.05	0.19	1.25
9.36	9.34	7.50	9.26
1.10	1.86	2.01	1.40
1.36	1.28	0.71	1.85
1.76	2.03	1.63	1.06
0.55	0.63	0.97	0.58
4.77	5.80	5.32	4.89
14.13	15.14	12.82	14.15
3.19	2.72	4.65	2.90
2.14	2.83	3.70	2.27
0.67	0.59	0.62	0.30
0.71	1.11	0.70	0.89
0.33	0.25	0.23	0.39
0.37	0.39	0.33	0.45
0.53	0.54	0.58	0.64
0.31	0.34	0.15	0.13
0.78	0.50	0.59	0.63
2.45	2.92	1.15	2.48
11.48	12.19	12.70	11.08
1.10	0.91	0.82	0.49
4.62	2.65	3.60	8.60
0.27	0.02	0.33	0.29
0.31	0.02	0.35	0.52
0.18	0.03	0.33	0.47
0.76	0.29	0.27	0.54
1.13	1.41	1.64	2.01
1.02	0.66	1.09	1.02
9.39	5.99	8.43	13.94

BALANCE SHEET

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	9.32%	4.48%	8.22%	7.60%
Receivables	30.07	36.54	39.48	40.03
Inventories	5.33	3.70	5.18	4.32
Other current assets	3.31	7.76	5.29	13.48
TOTAL CURRENT ASSETS	48.03	52.48	58.17	65.43
FIXED ASSETS				
Real estate	9.34	7.27	7.68	4.09
Less: Accumulated depreciation	1.65	1.79	1.37	1.19
	7.69	5.48	6.31	2.90
Machinery and equipment	64.80	58.27	59.23	52.30
Less: Accumulated depreciation	29.22	21.08	35.50	30.82
	35.58	37.19	23.73	21.48
Other fixed assets	8.76	6.09	12.44	3.75
Less: Accumulated depreciation	4.38	2.07	5.45	1.84
	4.38	4.02	6.99	1.91
NET FIXED ASSETS	47.65	46.69	37.03	26.29
OTHER ASSETS	4.32	0.83	4.80	8.28
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	10.69	12.42	12.96	6.45
Accounts payable	12.56	4.88	10.64	12.50
Other current liabilities	9.44	10.46	10.57	11.98
TOTAL CURRENT LIABILITIES	32.69	27.76	34.17	30.93
LONG-TERM LIABILITIES	39.26	29.60	24.73	20.55
TOTAL LIABILITIES	71.95	57.36	58.90	51.48
SHAREHOLDERS' AND PROPRIETORS' EQUITY	28.05	42.64	41.10	48.52
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.50	1.89	1.70	2.12
QUICK RATIO	1.31	1.76	1.55	1.98
TOTAL LIABILITIES TO EQUITY	2.57	1.35	1.43	1.06
LONG-TERM LIABILITIES TO EQUITY	1.40	0.69	0.60	0.42
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.45	0.36	0.60	0.59

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
4.13%	2.28%	2.83%	9.43%
34.62	27.28	44.62	44.13
5.42	7.35	10.88	7.16
4.61	2.01	7.10	4.57
48.78	38.92	65.43	65.29
7.34	21.65	0.00	11.49
1.79	5.32	0.00	4.70
5.55	16.33	0.00	6.79
71.26	60.47	77.93	49.70
38.89	26.67	52.21	27.40
32.37	33.80	25.72	22.30
16.60	8.53	11.15	7.74
9.13	4.74	7.12	4.82
7.47	3.79	4.03	2.92
45.39	53.92	29.75	32.01
5.83	7.16	4.82	2.70
100.00	100.00	100.00	100.00
6.36	2.47	12.39	6.34
8.37	6.84	10.59	10.14
13.67	10.45	12.06	8.95
28.40	19.76	35.04	25.43
36.87	25.54	12.57	29.93
65.27	45.30	47.61	55.36
34.73	54.70	52.39	44.64
100.00	100.00	100.00	100.00
1.72	1.97	1.87	2.57
1.53	1.60	1.56	2.29
1.88	0.83	0.91	1.24
1.06	0.47	0.24	0.67
0.55	0.44	0.67	0.55

SIGNIFICANT FACTS

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 41,680	$ 48,304	$ 39,900	$ 40,800
Average assets per factory employee (Excluding Executives)	65,124	73,142	56,127	55,409
Average net worth per employee - All employees	10,740	20,289	16,627	20,971
Average gross plant investment per factory employee (Excluding Executives)	50,837	53,227	43,261	33,066
Net worth percentage of fixed assets	84.17%	94.97%	159.50%	242.69%
EMPLOYEES				
Percent factory - All employees	72.84%	70.58%	75.27%	78.93%
Percent administrative - All employees	15.34	17.05	13.19	11.07
Percent sales - All employees	11.82	12.37	11.54	10.00
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 68,452	$ 86,056	$ 71,379	$ 73,263
Sales per factory employee	95,466	124,250	95,637	93,589
Sales less material per factory employee	75,187	95,261	75,853	75,922
Sales per administrative employee	609,381	802,451	695,976	761,022
EXCLUDING EXECUTIVES				
Sales per employee - All employees	79,946	95,357	78,220	80,746
Sales per factory employee	105,428	129,946	100,899	98,950
Sales less material per factory employee	83,056	99,539	79,874	80,237
SALES PER SALESMAN	517,137	703,152	628,694	1,026,019
SALES TO CURRENT ASSETS	458%	342%	338%	287%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	50.49%	45.46%	51.98%	47.43%
Factory payroll percentage of gross plant investment	100.20	74.93	96.16	135.97
Payroll per employee - All employees	$ 34,140	$ 39,302	$ 37,065	$ 36,067
Payroll per factory employee	31,584	35,687	33,834	33,610
Payroll per administrative employee	38,326	38,962	43,927	44,247
Payroll per sales employee	44,760	61,056	57,420	41,081
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 26,720	$ 30,394	$ 29,131	$ 28,933
Payroll per factory employee	26,012	28,868	28,308	28,373
Payroll per administrative employee	15,729	15,436	21,874	24,261
Payroll per sales employee	35,395	52,620	49,699	35,126
EXECUTIVE PAYROLL				
Payroll per executive - All executives	56,557	70,021	64,691	59,306
Payroll per factory executive	34,688	29,731	32,279	37,448
Payroll per administrative executive	60,567	71,882	88,214	99,660
Payroll per sales executive	47,878	52,790	48,891	42,859
RECEIVABLES				
Collection period	60.6	75.1	80.2	80.4
PROFIT				
Gross profit percentage of sales	30.17%	37.26%	32.48%	36.03%
Average gross profit per factory employee	$ 32,953	$ 48,316	$ 32,360	$ 34,802
Income before taxes percentage of sales	3.42%	9.80%	6.27%	12.82%
Average income before taxes per employee	$ 2,722	$ 8,388	$ 4,630	$ 9,486

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 36,646	$ 57,983	$ 25,967	$ 35,171
50,918	80,037	36,759	48,909
12,731	25,872	14,206	17,735
49,816	81,040	32,261	36,289
88.42%	121.68%	194.32%	147.23%
77.35%	81.81%	74.79%	76.64%
13.69	14.43	16.37	10.37
8.96	3.76	8.84	12.99
$ 66,531	$ 78,304	$ 63,910	$ 76,089
86,139	97,609	85,409	99,348
69,494	80,828	66,009	80,923
545,301	628,663	480,152	766,563
72,995	85,730	71,937	82,526
90,717	104,917	90,859	105,627
73,198	86,859	70,245	86,186
1,328,764	3,421,452	431,583	484,816
453%	457%	417%	367%
50.32%	46.65%	54.67%	52.69%
89.20	73.14	120.45	157.36
$ 33,246	$ 35,593	$ 34,865	$ 40,058
31,731	33,621	33,794	35,649
35,585	42,130	33,970	46,432
50,438	82,725	38,632	61,143
$ 26,522	$ 27,380	$ 26,813	$ 32,677
26,531	27,180	26,800	30,012
15,146	19,688	19,435	21,698
44,740	76,321	25,920	55,933
51,368	56,707	47,788	55,482
45,317	41,357	37,645	23,338
59,745	85,131	53,982	107,777
38,452	37,017	19,232	35,923
63.5	66.1	68.6	70.5
29.43%	32.19%	24.73%	31.44%
$ 26,685	$ 33,138	$ 22,571	$ 33,191
5.45%	11.71%	3.71%	5.36%
$ 4,007	$ 8,871	$ 2,691	$ 4,123

RETURN ON INVESTMENT - PER $100 OF SALES

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 6.28	$ 2.64	$ 5.17	$ 3.73
Receivables	15.98	20.31	21.19	21.65
Inventories	2.92	2.10	2.83	2.40
Marketable securities	0.01	0.00	1.49	3.96
Other current assets	2.08	4.46	1.46	3.37
	27.27	29.51	32.14	35.11
Plant Investment:				
Land and building	6.67	4.24	4.98	2.60
Machinery and equipment	36.33	32.99	31.42	28.85
Other fixed assets	4.31	3.40	6.53	2.23
	47.31	40.63	42.93	33.68
Non-Current Assets	1.96	0.49	2.72	4.53
TOTAL INVESTMENT	76.54	70.63	77.79	73.32
INVESTMENT TURNOVER PER $100 OF SALES	130.65%	141.58%	128.55%	136.39%
EARNINGS				
Cost of Product	$69.83	$62.74	$67.52	$63.97
Selling Expenses	10.11	11.26	11.99	10.04
Administrative Expenses	13.10	12.50	12.98	11.86
	93.04	86.50	92.49	85.87
Income Before Interest, Other Income (Expense), and Taxes	6.96	13.50	7.51	14.13
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	9.09%	19.11%	9.65%	19.27%

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 1.29	$ 0.62	$ 0.98	$ 4.02
17.04	17.81	18.67	18.47
2.86	4.90	4.08	3.29
0.51	0.00	0.00	2.38
1.80	1.08	2.70	0.47
23.50	24.41	26.43	28.63
4.72	13.97	0.00	5.90
38.44	48.16	30.52	24.20
6.80	4.84	4.87	3.88
49.96	66.97	35.39	33.98
2.89	3.77	1.99	1.17
76.35	95.15	63.81	63.78
130.98%	105.10%	156.72%	156.79%
$70.57	$67.81	$75.27	$68.56
9.39	5.99	8.43	13.94
11.48	12.19	12.70	11.08
91.44	85.99	96.40	93.58
8.56	14.01	3.60	6.42
11.21%	14.72%	5.64%	10.07%

REPORT ON OPERATIONS - SALES = 100%

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	4.44	1.72	0.60
Other chargeable materials	13.49	14.80	13.44
Outside services	4.17	3.75	5.91
TOTAL MATERIALS	22.10	20.27	19.95
FACTORY PAYROLL	36.22	35.60	34.23
FACTORY EXPENSES	13.78	13.47	12.48
TOTAL FACTORY COST OF PRODUCT	72.10	69.34	66.66
GROSS PROFIT	27.90	30.66	33.34
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	17.84	11.29	10.04
Selling expenses	4.45	12.17	10.50
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	22.29	23.46	20.54
INCOME BEFORE INTEREST EXPENSE	5.61	7.20	12.80
Interest expense	1.76	2.74	2.01
OPERATING INCOME	3.85	4.46	10.79
Other income (expense)	0.60	0.19	(0.07)
INCOME BEFORE INCOME TAXES	4.45	4.65	10.72

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	0.68%	0.16%	0.12%
Film	12.01	9.37	8.84
Plates	0.80	1.11	1.13
Other chargeable materials	0.00	4.16	3.35
TOTAL OTHER CHARGEABLE MATERIALS	13.49	14.80	13.44
OUTSIDE SERVICES			
Composition	0.96	0.07	0.08
Offset preparation	0.79	1.16	1.96
Printing	1.18	1.21	1.75
Binding	0.96	0.14	0.30
Other outside services	0.28	1.17	1.82
TOTAL OUTSIDE SERVICES	4.17	3.75	5.91

** Sample insufficient for Profit Leaders.

SUPPORTING SCHEDULES - SALES = 100%

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL			
Salaries - executive	4.56%	2.42%	1.90%
Direct wages	25.01	25.56	25.01
General factory salaries and wages	0.00	1.73	1.39
Packing, shipping and delivery wages	2.03	0.60	0.38
Payroll taxes	2.08	2.26	2.29
Employee benefits	2.54	3.03	3.26
TOTAL FACTORY PAYROLL	36.22	35.60	34.23
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.33	0.34	0.21
Depreciation - other	3.18	4.86	5.16
Taxes - real estate	0.16	0.14	0.17
Taxes - other	0.05	0.13	0.21
Insurance	1.85	0.45	0.51
Building rent	2.59	1.45	0.80
Utilities - heat, light, etc.	1.28	1.20	1.01
Equipment rental	1.35	0.75	0.11
Total Fixed Expenses	10.79	9.32	8.18
Other Expenses			
Factory supplies and expense	0.56	1.19	1.50
Packing, shipping and delivery expense	1.06	0.96	0.83
Repairs and maintenance	1.33	1.55	1.44
Other factory expenses	0.04	0.45	0.53
Total Other Expenses	2.99	4.15	4.30
TOTAL FACTORY EXPENSES	13.78	13.47	12.48
ADMINISTRATIVE EXPENSES			
Salaries - executive	6.55	3.17	2.90
Salaries - office	3.26	2.35	2.12
Payroll taxes	1.51	0.54	0.63
Employee benefits	1.38	0.71	0.53
Bad debts	0.54	0.73	0.30
Office supplies and expenses	0.73	0.43	0.45
Professional fees	0.65	0.81	0.75
Taxes - business	0.34	0.26	0.25
Telephone	0.61	0.71	0.45
Other administrative expenses	2.27	1.58	1.66
TOTAL ADMINISTRATIVE EXPENSES	17.84	11.29	10.04
SELLING EXPENSES			
Salaries - executive	1.66	1.42	0.94
Salaries and commissions - salesmen	0.61	6.50	5.64
Salaries - sales office clerical	0.00	0.46	0.89
Payroll taxes	0.04	0.39	0.33
Employee benefits	0.03	0.38	0.38
Advertising	1.13	0.64	0.20
Travel and entertainment	0.65	1.68	1.67
Other selling expenses	0.33	0.70	0.45
TOTAL SELLING EXPENSES	4.45	12.17	10.50

** Sample insufficient for Profit Leaders.

BALANCE SHEET

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
ASSETS			
CURRENT ASSETS			
Cash	16.63%	5.58%	3.80%
Receivables	33.22	36.94	38.07
Inventories	7.76	5.55	5.98
Other current assets	5.31	4.54	7.95
TOTAL CURRENT ASSETS	62.92	52.61	55.80
FIXED ASSETS			
Real estate	5.90	7.86	9.50
Less: Accumulated depreciation	0.95	1.83	2.52
	4.95	6.03	6.98
Machinery and equipment	72.76	63.49	57.83
Less: Accumulated depreciation	51.85	31.81	27.47
	20.91	31.68	30.36
Other fixed assets	16.58	10.29	6.61
Less: Accumulated depreciation	9.95	4.90	3.12
	6.63	5.39	3.49
NET FIXED ASSETS	32.49	43.10	40.83
OTHER ASSETS	4.59	4.29	3.37
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	6.95	11.37	7.22
Accounts payable	14.42	10.29	7.06
Other current liabilities	12.61	10.41	11.11
TOTAL CURRENT LIABILITIES	33.98	32.07	25.39
LONG-TERM LIABILITIES	24.35	33.32	23.56
TOTAL LIABILITIES	58.33	65.39	48.95
SHAREHOLDERS' AND PROPRIETORS' EQUITY	41.67	34.61	51.05
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.85	1.64	2.20
QUICK RATIO	1.62	1.47	1.96
TOTAL LIABILITIES TO EQUITY	1.40	1.89	0.96
LONG-TERM LIABILITIES TO EQUITY	0.58	0.96	0.46
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.71	0.50	0.48

** Sample insufficient for Profit Leaders.

SIGNIFICANT FACTS

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Average assets per employee - All employees	$ 19,702	$ 42,687	$ 52,044
Average assets per factory employee (Excluding Executives)	29,038	62,536	74,445
Average net worth per employee - All employees	7,178	14,959	25,108
Average gross plant investment per factory employee (Excluding Executives)	24,360	50,952	58,331
Net worth percentage of fixed assets	178.22%	109.06%	174.03%
EMPLOYEES			
Percent factory - All employees	76.67%	74.17%	74.94%
Percent administrative - All employees	19.76	12.96	13.21
Percent sales - All employees	3.57	12.87	11.85
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 49,594	$ 73,695	$ 84,147
Sales per factory employee	65,430	99,892	113,464
Sales less material per factory employee	50,341	79,538	90,410
Sales per administrative employee	307,674	694,975	845,529
EXCLUDING EXECUTIVES			
Sales per employee - All employees	61,435	81,523	91,947
Sales per factory employee	71,743	106,943	119,741
Sales less material per factory employee	55,026	85,155	95,397
SALES PER SALESMAN	317,650	576,262	812,665
SALES TO CURRENT ASSETS	533%	378%	314%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	51.27%	51.53%	48.60%
Factory payroll percentage of gross plant investment	120.08	98.73	95.75
Payroll per employee - All employees	$ 25,419	$ 37,691	$ 40,590
Payroll per factory employee	23,673	35,008	37,955
Payroll per administrative employee	35,561	40,333	42,136
Payroll per sales employee	10,793	56,872	58,070
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 18,644	$ 30,053	$ 32,177
Payroll per factory employee	18,874	29,208	31,120
Payroll per administrative employee	14,857	18,871	20,817
Payroll per sales employee	4,417	48,313	51,004
EXECUTIVE PAYROLL			
Payroll per executive - All executives	39,173	61,266	64,608
Payroll per factory executive	30,551	36,726	37,660
Payroll per administrative executive	36,877	78,711	94,774
Payroll per sales executive	9,280	51,542	54,118
RECEIVABLES			
Collection period	48.6	73.4	81.9
PROFIT			
Gross profit percentage of sales	27.90%	30.66%	33.34%
Average gross profit per factory employee	$ 19,327	$ 33,267	$ 40,211
Income before taxes percentage of sales	4.45%	4.65%	10.72%
Average income before taxes per employee	$ 2,084	$ 3,863	$ 9,055

** Sample insufficient for Profit Leaders.

RETURN ON INVESTMENT - PER $100 OF SALES

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Current Assets:			
Cash	$ 7.04	$ 3.87	$ 2.11
Receivables	13.06	19.44	22.16
Inventories	3.51	2.92	3.60
Marketable securities	0.59	0.76	2.09
Other current assets	1.57	1.88	2.64
	25.77	28.87	32.60
Plant Investment:			
Land and building	4.07	5.24	6.22
Machinery and equipment	23.54	36.61	37.40
Other fixed assets	6.63	5.14	3.84
	34.24	46.99	47.46
Non-Current Assets	1.78	2.21	1.88
TOTAL INVESTMENT	61.79	78.07	81.94
INVESTMENT TURNOVER PER $100 OF SALES	161.84%	128.09%	122.04%
EARNINGS			
Cost of Product	$72.10	$69.34	$66.66
Selling Expenses	4.45	12.17	10.50
Administrative Expenses	17.84	11.29	10.04
	94.39	92.80	87.20
Income Before Interest, Other Income (Expense), and Taxes	5.61	7.20	12.80
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	9.08%	9.22%	15.62%

** Sample insufficent for Profit Leaders.

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	46	$2,280,000	$4,093,000	$251,000
TOTAL - PROFIT LEADERS*	13	3,151,000	5,347,000	611,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$500,000	5	217,000	432,000	20,000
$500,000-$1,500,000	6	479,000	921,000	14,000
$1,500,000-$3,000,000	12	1,306,000	2,405,000	73,000
Over $3,000,000	23	3,706,000	6,596,000	456,000
PROFIT LEADERS				
$1,500,000-$3,000,000	3	1,271,000	2,286,000	233,000
Over $3,000,000	9	4,106,000	6,909,000	798,000
BY MARKET				
ALL FIRMS				
Printers and Lithographers	16	1,991,000	3,233,000	166,000
Advertising Agencies	14	2,595,000	4,410,000	301,000
Publishers	9	2,831,000	5,668,000	378,000
Carton Manufacturers	4	637,000	1,586,000	79,000
Other	3	2,887,000	5,812,000	324,000
PROFIT LEADERS				
Printers and Lithographers	4	2,392,000	4,253,000	422,000
Advertising Agencies	4	3,097,000	5,290,000	679,000
Publishers	3	4,299,000	7,190,000	864,000
BY TYPE OF WORK				
ALL FIRMS				
Black and White	8	257,000	691,000	26,000
Color Work	37	2,636,000	4,661,000	265,000
PROFIT LEADERS				
Color Work	11	3,226,000	5,343,000	577,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 30.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services

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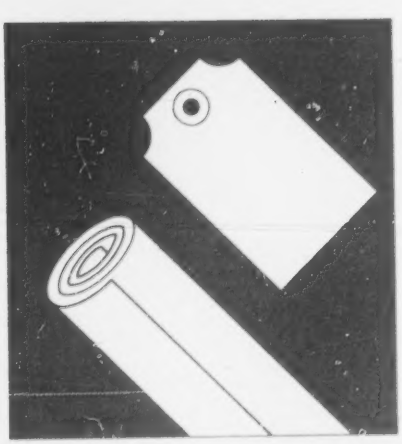
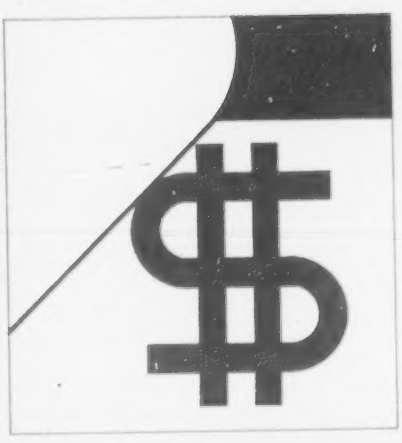
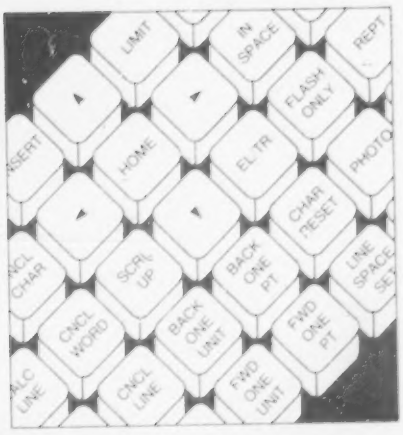
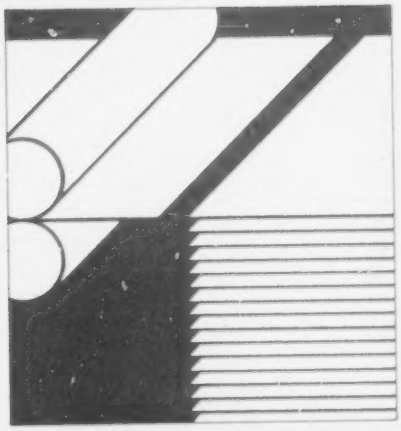
Printing Industries of America, Inc.

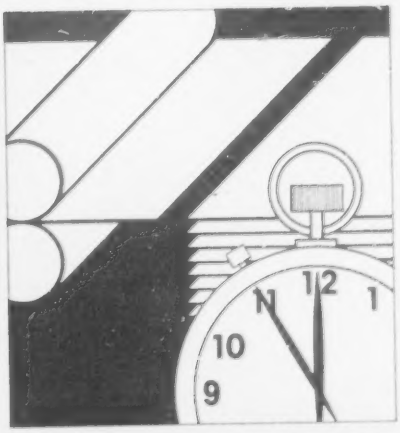
1984 Financial Ratios

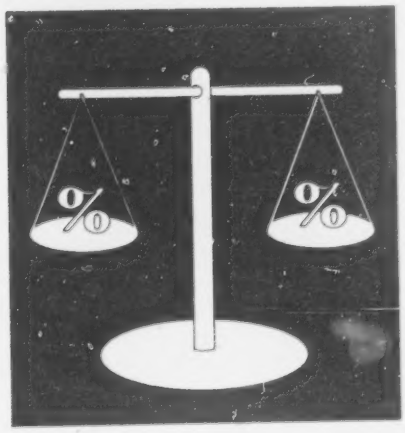


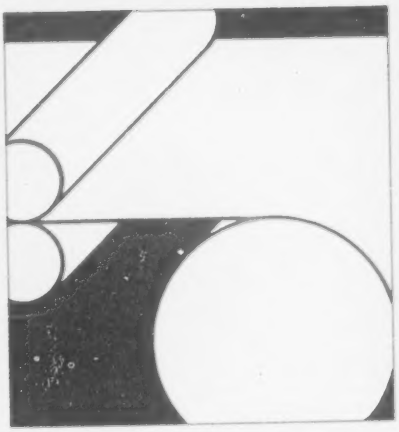


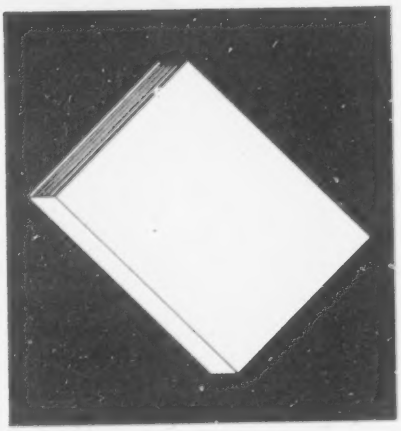












Volume XIII
Binders' Ratios

ABOUT PIA . . .

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 11,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Management Services Department is active in financial management offering numerous publications, conferences, and seminars:

- Best & Worst Markets for Printers in the 1980s - a unique marketing and financial planning aid, available by subscription
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981-82 Production Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation
- 1984 Executive Compensation Report
- Costing, Estimating, and Pricing Systems Conferences
- Managing your Printing Business Conferences

For information on any of the above contact the Management Services Department:

Printing Industries of America, Inc.
Management Services Department
1730 North Lynn Street
Arlington, Virginia 22209
(703) 841-8194

In addition, PIA Financial Services offers the following publications and seminars:

- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly newsletter
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management Seminars
- Seminars on financial applications for microcomputers

For further information, contact:

William A. Rose, II
Director of Financial Services
Printing Industries of America, Inc.
1730 North Lynn Street
Arlington, Virginia 22209
703/841-8145

61ST annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1984 FINANCIAL RATIOS

BINDERS

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PRINTING INDUSTRIES OF AMERICA, INC.

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1730 North Lynn Street
Arlington, Virginia 22209

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New York and Philadelphia (Bala Cynwyd)

Printed in U.S.A.

PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

Dear Colleague:

1984 is the 61st year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the U.S. and Canadian graphic arts industries. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the U.S. and Canadian printing industry, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to William A. Rose, II, Director of Financial Services, Printing Industries of America, Inc., 1730 North Lynn Street, Arlington, VA 22209 (703) 841-8145.

Jim Olsen
Vice-President, Management Services
Printing Industries of America, Inc.

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1984 PIA FINANCIAL RATIOS FOR BINDERS who participated in the 1984 Ratio Studies. This Ratio Study was developed on the basis of questionnaires volunteered by 28 firms and presents the ratios and statistics of Binders by sales volume and product specialty.

Thus, the user of the report can direct himself to the standards for his sales size and product specialty in the Report on Operations and its Supporting Schedules, Balance Sheet, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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Binding Industries of America is a special industry group of the binding industry and represents over 300 firms in trade binding, loose leaf manufacturing and supplies to those industries. BIA provides technical and managerial information on trade binding and loose leaf manufacturing. The *Binders' Bulletin* is a monthly publication with items of interest to the entire membership. In addition to the *Binders' Bulletin,* several other reports of special interest to binders are produced by BIA. BIA has also worked with American National Standards Institute in publishing specifications for the loose leaf binding industry. These specifications are available for purchase from the BIA office.

Over 450 people annually attend the BIA conference held in central locations. These members hear discussions and exchange information on the technology and problems unique to the binding industry. Audio tapes of these sessions are published by BIA and are available from the BIA office. Regional seminars are held each year in the east, midwest and west for technical subjects as well as exhibits from the supplier members. These seminars are for supervisory personnel in the members' binderies.

BIA is governed by its own Board of Directors and officers and is itself a support contributor to the efforts of Printing Industries of America, Inc. and affiliated local associations. We highly endorse the PIA Financial Ratio Study and encourage participation in this vital program.

James R. Niesen
Executive Director
Binding Industries of America
312/751-0440

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Chargeable materials	7.92	7.45	6.10
Outside services	2.09	2.12	2.52
TOTAL MATERIALS	10.01	9.57	8.62
FACTORY PAYROLL	49.37	45.05	47.36
FACTORY EXPENSES	19.45	19.10	19.74
TOTAL FACTORY COST OF PRODUCT	78.83	73.72	75.72
GROSS PROFIT	21.17	26.28	24.28
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	13.42	10.87	17.59
Selling expenses	3.52	2.67	0.98
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	16.94	13.54	18.57
INCOME BEFORE INTEREST EXPENSE	4.23	12.74	5.71
Interest expense	1.82	1.43	1.22
OPERATING INCOME	2.41	11.31	4.49
Other income	1.12	1.50	1.03
INCOME BEFORE INCOME TAXES	3.53	12.81	5.52

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%
5.45	5.15	8.07	11.14	12.90
1.24	0.39	2.80	2.43	3.48
6.69	5.54	10.87	13.57	16.38
53.46	47.81	45.95	47.78	42.62
17.55	14.89	21.68	19.99	18.45
77.70	68.24	78.50	81.34	77.35
22.30	31.76	21.50	18.66	22.65
15.41	15.56	12.63	10.35	8.08
3.70	3.47	3.15	4.40	2.75
19.11	19.03	15.78	14.75	10.83
3.19	12.73	5.72	3.91	11.82
1.72	0.42	1.65	2.26	1.82
1.47	12.31	4.07	1.65	10.00
0.75	0.28	1.24	1.49	2.58
2.22	12.59	5.31	3.14	12.58

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	3.49%	2.23%	3.80%
Direct wages	34.02	34.39	34.23
General factory salaries and wages	1.81	1.15	0.33
Packing, shipping and delivery wages	1.95	1.66	1.09
Payroll taxes	3.69	2.53	3.75
Employee benefits	4.41	3.09	4.16
TOTAL FACTORY PAYROLL	49.37	45.05	47.36
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.45	0.90	2.29
Depreciation - other	4.20	3.75	2.42
Taxes - real estate	0.39	0.66	0.78
Taxes - other	0.22	0.20	0.20
Insurance	1.15	1.19	1.53
Building rent	2.34	1.70	2.28
Utilities - heat, light, etc.	1.74	1.41	1.91
Equipment rental	0.71	0.45	0.00
Total Fixed Expenses	11.20	10.26	11.41
Other Expenses			
Factory supplies and expense	2.18	2.00	3.60
Packing, shipping and delivery expense	2.57	3.66	3.34
Repairs and maintenance	2.21	2.29	1.33
Other factory expenses	1.29	0.89	0.06
Total Other Expenses	8.25	8.84	8.33
TOTAL FACTORY EXPENSES	19.45	19.10	19.74
ADMINISTRATIVE EXPENSES			
Salaries - executive	5.56	4.87	8.57
Salaries - office	2.54	1.75	1.64
Payroll taxes	0.63	0.30	0.80
Employee benefits	0.73	0.49	0.65
Bad debts	0.39	0.53	0.00
Office supplies and expenses	0.52	0.46	0.53
Professional fees	0.77	0.77	0.99
Taxes - business	0.27	0.27	0.27
Telephone	0.67	0.69	1.76
Other administrative expenses	1.34	0.74	2.38
TOTAL ADMINISTRATIVE EXPENSES	13.42	10.87	17.59
SELLING EXPENSES			
Salaries - executive	0.80	0.15	0.00
Salaries and commissions - salesmen	0.91	1.24	0.00
Salaries - sales office clerical	0.15	0.09	0.00
Payroll taxes	0.11	0.07	0.00
Employee benefits	0.15	0.11	0.00
Advertising	0.37	0.33	0.59
Travel and entertainment	0.62	0.54	0.34
Other selling expenses	0.41	0.14	0.05
TOTAL SELLING EXPENSES	3.52	2.67	0.98

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
4.61%	1.63%	2.94%	2.52%	2.75%
36.45	39.36	32.60	32.19	30.04
0.67	0.04	0.77	4.27	2.56
1.79	1.27	2.89	1.80	2.04
4.31	1.91	3.58	3.04	2.30
5.63	3.60	3.17	3.96	2.83
53.46	47.81	45.95	47.78	42.52
0.34	0.09	0.00	0.25	0.24
4.45	3.17	5.24	3.84	3.75
0.46	0.92	0.16	0.31	0.20
0.17	0.17	0.21	0.28	0.21
1.46	1.37	1.27	0.61	0.42
2.23	1.62	2.76	2.22	2.06
1.64	1.04	1.45	1.99	1.37
0.26	0.00	0.69	1.47	0.75
11.01	8.38	11.78	10.97	9.00
1.17	2.02	3.20	2.14	1.39
1.41	1.32	2.99	3.35	4.85
1.89	2.26	2.95	2.35	2.11
2.07	0.91	0.76	1.18	1.10
6.54	6.51	9.90	9.02	9.45
17.55	14.89	21.68	19.99	18.45
7.98	11.19	4.90	2.33	1.26
2.25	0.92	2.95	2.87	2.18
0.72	0.55	0.49	0.56	0.26
0.97	0.93	0.66	0.53	0.25
0.21	0.55	0.27	0.80	0.76
0.53	0.36	0.75	0.36	0.38
0.67	0.37	0.63	0.91	0.96
0.13	0.13	0.58	0.21	0.23
0.48	0.37	0.61	0.57	0.64
1.47	0.19	0.79	1.21	1.16
15.41	15.56	12.63	10.35	8.08
1.06	0.00	0.64	0.89	0.34
1.15	2.36	0.54	1.18	1.02
0.12	0.00	0.15	0.22	0.21
0.16	0.00	0.04	0.15	0.15
0.25	0.26	0.06	0.15	0.07
0.05	0.04	0.31	0.69	0.56
0.55	0.81	0.84	0.65	0.25
0.36	0.00	0.57	0.47	0.15
3.70	3.47	3.15	4.40	2.75

CHAPTER 1 - BY SIZE OF FIRM

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	10.78%	12.64%	24.88%
Receivables	27.31	24.04	20.98
Inventories	6.03	4.51	8.73
Other current assets	5.73	5.17	0.41
TOTAL CURRENT ASSETS	49.85	46.36	55.00
FIXED ASSETS			
Real estate	12.47	17.65	23.69
Less: Accumulated depreciation	4.35	5.48	12.60
	8.12	12.17	11.09
Machinery and equipment	80.69	71.08	98.02
Less: Accumulated depreciation	49.11	43.62	84.54
	31.58	27.46	13.48
Other fixed assets	11.41	16.49	31.29
Less: Accumulated depreciation	5.34	7.26	13.95
	6.07	9.23	17.34
NET FIXED ASSETS	45.77	48.86	41.91
OTHER ASSETS	4.38	4.78	3.09
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	8.22	4.19	1.66
Accounts payable	7.92	7.51	4.31
Other current liabilities	8.40	6.97	2.91
TOTAL CURRENT LIABILITIES	24.54	18.67	8.88
LONG-TERM LIABILITIES	28.13	29.06	20.81
TOTAL LIABILITIES	52.67	47.73	29.69
SHAREHOLDERS' AND PROPRIETORS' EQUITY	47.33	52.27	70.31
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	2.03	2.48	6.19
QUICK RATIO	1.79	2.24	5.21
TOTAL LIABILITIES TO EQUITY	1.11	0.91	0.42
LONG-TERM LIABILITIES TO EQUITY	0.59	0.56	0.30
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.61	0.61	0.86

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
12.52%	22.43%	7.46%	6.36%	8.27%
25.59	22.77	25.64	32.49	30.72
3.81	2.50	3.17	9.50	8.11
9.68	12.07	7.95	1.62	1.32
51.60	59.77	44.22	49.97	48.42
16.43	11.73	1.07	11.94	13.15
6.24	2.51	0.26	2.23	0.99
10.19	9.22	0.81	9.71	12.16
80.39	74.69	85.09	72.31	60.64
53.61	52.63	38.63	39.28	30.04
26.78	22.06	46.46	33.03	30.60
10.57	7.82	9.85	6.77	8.00
4.45	3.43	4.41	4.11	4.16
6.12	4.39	5.44	2.66	3.84
43.09	35.67	52.71	45.40	46.60
5.31	4.56	3.07	4.63	4.98
100.00	100.00	100.00	100.00	100.00
7.23	0.37	5.22	13.51	7.76
5.45	3.24	9.15	11.04	10.78
7.42	0.45	8.04	11.57	13.64
20.10	4.06	22.41	36.12	32.18
27.44	20.76	29.71	30.27	31.55
47.54	24.82	52.12	66.39	63.73
52.46	75.18	47.88	33.61	36.27
100.00	100.00	100.00	100.00	100.00
2.57	1.47	1.97	1.38	1.50
2.38	1.41	1.83	1.12	1.25
0.91	0.33	1.09	1.98	1.76
0.52	0.28	0.62	0.90	0.87
0.67	0.70	0.45	0.54	0.50

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 22,353	$ 28,904	$ 16,870
Average assets per factory employee (Excluding Executives)	27,771	37,105	20,161
Average net worth per employee - All employees	9,960	13,736	10,967
Average gross plant investment per factory employee (Excluding Executives)	28,222	36,555	31,718
Net worth percentage of fixed assets	136.88%	122.01%	393.08%
EMPLOYEES			
Percent factory - All employees	86.97%	87.17%	86.62%
Percent administrative - All employees	10.71	10.15	13.38
Percent sales - All employees	2.32	2.68	0.00
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 39,118	$ 48,405	$ 32,756
Sales per factory employee	46,526	60,095	37,743
Sales less material per factory employee	42,049	55,075	34,519
Sales per administrative employee	388,245	420,152	104,449
EXCLUDING EXECUTIVES			
Sales per employee - All employees	43,255	52,827	38,937
Sales per factory employee	48,414	61,846	39,780
Sales less material per factory employee	43,763	56,699	36,321
SALES PER SALESMAN	832,611	571 429	0
SALES TO CURRENT ASSETS	429%	521%	760%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	60.95%	54.13%	59.01%
Factory payroll percentage of gross plant investment	96.94	87.96	85.40
Payroll per employee - All employees	$ 23,273	$ 26,042	$ 18,716
Payroll per factory employee	22,708	27,791	17,824
Payroll per administrative employee	33,445	29,558	18,445
Payroll per sales employee	22,135	18,471	0
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 17,787	$ 21,583	$ 14,303
Payroll per factory employee	18,359	23,776	14,085
Payroll per administrative employee	14,851	11,420	8,120
Payroll per sales employee	14,952	12,029	0
EXECUTIVE PAYROLL			
Payroll per executive - All executives	47,467	41,120	18,964
Payroll per factory executive	38,899	55,386	21,581
Payroll per administrative executive	51,125	40,496	18,092
Payroll per sales executive	17,399	9,246	0
RECEIVABLES			
Collection period	55.6	53.6	36.3
PROFIT			
Gross profit percentage of sales	21.17%	26.28%	24.28%
Average gross profit per factory employee	$ 10,908	$ 16,968	$ 9,678
Income before taxes percentage of sales	3.53%	12.81%	5.52%
Average income before taxes per employee	$ 2,124	$ 6,929	$ 2,215

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 19,320	$ 20,654	$ 21,841	$ 27,893	$ 39,286
23,810	25,284	25,451	36,255	53,508
10,029	15,920	10,135	9,432	13,921
25,383	23,562	24,366	32,782	46,206
134.60%	207.38%	101.08%	77.87%	79.51%
85.38%	83.88%	89.61%	87.08%	86.06%
11.24	11.36	8.66	10.60	11.48
3.38	4.76	1.73	2.32	2.46
$ 36,135	$ 37,919	$ 37,750	$ 45,467	$ 62,286
42,590	45,351	42,164	56,735	81,952
39,739	42,673	37,229	50,338	73,059
349,001	334,416	449,769	485,433	620,983
41,160	43,395	40,552	48,826	67,628
44,486	46,490	43,796	58,736	84,834
41,470	43,706	38,738	52,140	75,735
0	0	90,000	981,134	571,429
400%	317%	415%	360%	377%
68.13%	64.02%	56.38%	56.66%	48.27%
107.41	101.07	85.34	96.89	95.82
$ 24,248	$ 24,244	$ 21,193	$ 25,095	$ 31,292
22,300	21,390	19,246	27,099	37,663
39,434	44,988	40,059	27,380	25,345
13,993	6,369	16,126	42,565	36,782
$ 17,113	$ 18,384	$ 16,199	$ 20,755	$ 27,501
17,140	18,554	15,870	22,799	32,377
13,076	5,542	19,224	16,150	16,856
7,252	5,750	13,492	29,464	22,753
44,318	41,487	60,571	51,733	47,572
34,407	20,882	30,899	54,997	90,226
48,237	46,072	70,208	52,621	45,181
9,550	0	12,928	34,901	20,803
48.6	49.1	55.2	70.0	70.5
22.30%	31.76%	21.50%	18.66%	22.65%
$ 10,198	$ 14,756	$ 9,333	$ 13,159	$ 22,177
2.22%	12.59%	5.31%	3.14%	12.58%
$ 984	$ 4,651	$ 1,997	$ 3,445	$ 9,573

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 6.00	$ 6.87	$13.51
Receivables	14.87	14.11	9.90
Inventories	3.56	3.10	4.34
Marketable securities	0.79	1.92	0.00
Other current assets	2.01	0.93	0.23
	27.23	26.93	27.98
Plant Investment:			
Land and building	7.19	10.74	12.71
Machinery and equipment	45.72	40.97	53.24
Other fixed assets	6.07	9.07	15.85
	58.98	60.78	81.80
Non-Current Assets	2.41	2.60	1.48
TOTAL INVESTMENT	88.62	90.31	111.26
INVESTMENT TURNOVER PER $100 OF SALES	112.84%	110.73%	89.88%
EARNINGS			
Cost of Product	$78.83	$73.72	$75.72
Selling Expenses	3.52	2.67	0.98
Administrative Expenses	13.42	10.87	17.59
	95.77	87.26	94.29
Income Before Interest, Other Income, and Taxes	4.23	12.74	5.71
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	4.77%	14.11%	5.13%

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 6.78	$12.04	$ 4.38	$ 3.73	$ 4.46
12.97	12.58	14.76	18.70	18.70
2.05	1.28	1.76	6.18	5.91
1.74	5.75	0.75	0.01	0.00
3.09	0.86	2.76	0.91	0.70
26.63	32.51	24.41	29.53	29.77
8.75	6.32	0.59	8.00	9.89
42.96	41.31	50.76	42.93	36.45
5.67	4.40	5.30	3.78	4.30
57.38	52.03	56.65	54.71	50.64
3.00	2.74	1.69	2.53	2.40
87.01	87.28	82.75	86.77	82.81
114.93%	114.57%	120.85%	115.25%	120.76%
$77.70	$68.24	$78.50	$81.34	$77.35
3.70	3.47	3.15	4.40	2.75
15.41	15.56	12.63	10.35	8.08
96.81	87.27	94.28	96.09	88.18
3.19	12.73	5.72	3.91	11.82
3.67%	14.58%	6.91%	4.51%	14.27%

REPORT ON OPERATIONS - SALES = 100%

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Chargeable materials	6.23	3.72	15.05
Outside services	2.19	1.14	0.82
TOTAL MATERIALS	8.42	4.86	15.87
FACTORY PAYROLL	51.72	50.41	42.54
FACTORY EXPENSES	16.90	14.79	18.35
TOTAL FACTORY COST OF PRODUCT	77.04	70.06	76.76
GROSS PROFIT	22.96	29.94	23.24
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	13.41	11.05	15.31
Selling expenses	2.70	0.81	5.12
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	16.11	11.86	20.43
INCOME (LOSS) BEFORE INTEREST EXPENSE	6.85	18.08	2.81
Interest expense	0.92	1.08	2.85
OPERATING INCOME (LOSS)	5.93	17.00	(0.04)
Other income (expense)	0.61	(0.67)	0.79
INCOME (LOSS) BEFORE INCOME TAXES	6.54	16.33	0.75

** Sample insufficient for Profit Leaders.

FINISHERS		LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3.49	5.22	0.00	14.53	7.32	4.59
2.37	3.17	2.59	3.55	1.82	2.53
5.86	8.39	2.59	18.08	9.14	7.12
42.61	42.05	51.18	49.68	52.50	47.20
27.28	24.98	20.29	20.46	19.34	21.98
75.75	75.42	74.06	88.22	80.98	76.30
24.25	24.58	25.94	11.78	19.02	23.70
7.08	6.40	10.56	13.40	15.90	11.40
3.82	1.96	6.48	4.39	2.29	2.46
10.90	8.36	17.04	17.79	18.19	13.86
13.35	16.22	8.90	(6.01)	0.83	9.84
2.64	2.66	0.90	1.79	2.34	1.29
10.71	13.56	8.00	(7.80)	(1.51)	8.55
0.26	0.25	0.15	3.76	1.49	1.95
10.97	13.81	8.15	(4.04)	(0.02)	10.50

SUPPORTING SCHEDULES - SALES = 100%

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	3.57%	3.88%	4.25%
Direct wages	36.20	36.47	28.04
General factory salaries and wages	1.41	2.21	3.56
Packing, shipping and delivery wages	2.69	3.59	0.70
Payroll taxes	3.47	1.69	3.04
Employee benefits	4.38	2.57	2.95
TOTAL FACTORY PAYROLL	51.72	50.41	42.54
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.27	0.09	0.38
Depreciation - other	3.50	4.09	2.79
Taxes - real estate	0.46	0.22	0.34
Taxes - other	0.16	0.15	0.27
Insurance	0.79	0.49	0.98
Building rent	1.89	1.47	2.69
Utilities - heat, light, etc.	1.88	1.17	2.12
Equipment rental	0.31	0.01	2.04
Total Fixed Expenses	9.26	7.69	11.61
Other Expenses			
Factory supplies and expense	0.90	0.51	3.07
Packing, shipping and delivery expense	3.06	3.63	0.22
Repairs and maintenance	2.52	2.85	1.95
Other factory expenses	1.16	0.11	1.50
Total Other Expenses	7.64	7.10	6.74
TOTAL FACTORY EXPENSES	16.90	14.79	18.35
ADMINISTRATIVE EXPENSES			
Salaries - executive	5.36	4.92	7.93
Salaries - office	3.28	2.36	2.30
Payroll taxes	0.57	0.42	0.62
Employee benefits	0.67	0.13	1.19
Bad debts	0.37	0.54	0.82
Office supplies and expenses	0.50	0.20	0.32
Professional fees	0.52	0.25	0.56
Taxes - business	0.11	0.26	0.07
Telephone	0.53	0.51	0.42
Other administrative expenses	1.50	1.46	1.08
TOTAL ADMINISTRATIVE EXPENSES	13.41	11.05	15.31
SELLING EXPENSES			
Salaries - executive	0.74	0.00	2.08
Salaries and commissions - salesmen	0.66	0.36	0.36
Salaries - sales office clerical	0.17	0.00	0.00
Payroll taxes	0.02	0.00	0.19
Employee benefits	0.10	0.01	0.16
Advertising	0.21	0.06	0.77
Travel and entertainment	0.54	0.35	0.90
Other selling expenses	0.26	0.03	0.66
TOTAL SELLING EXPENSES	2.70	0.81	5.12

** Sample insufficient for Profit Leaders.

FINISHERS		LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
2.35%	1.00%	3.13%	2.92%	3.80%	3.60%
30.93	32.19	39.28	32.54	35.06	33.78
0.90	0.40	2.07	4.44	0.52	0.95
1.79	1.25	0.69	1.78	2.23	2.37
3.67	3.81	1.92	3.36	4.99	3.55
2.97	3.40	4.09	4.64	5.90	2.95
42.61	42.05	51.18	49.68	52.50	47.20
2.29	3.44	0.14	0.27	0.09	0.00
3.72	1.00	2.68	4.92	6.23	8.13
0.78	1.17	1.17	0.13	0.04	0.00
0.17	0.25	0.14	0.59	0.15	0.25
1.72	1.63	1.53	1.18	1.36	1.16
1.60	1.18	2.45	3.50	2.52	2.01
2.05	2.22	0.99	2.16	1.25	1.28
0.50	0.75	1.29	0.95	0.30	0.53
12.83	11.64	10.39	13.70	11.94	13.36
3.24	1.79	1.63	2.22	2.98	2.66
7.44	8.23	2.32	2.80	1.23	1.78
2.77	2.51	3.36	1.34	1.74	2.60
1.00	0.81	2.59	0.40	1.45	1.58
14.45	13.34	9.90	6.76	7.40	8.62
27.28	24.98	20.29	20.46	19.34	21.98
1.15	0.25	5.91	4.92	6.56	3.71
1.54	1.40	0.76	3.14	2.39	3.12
0.19	0.15	0.24	0.55	1.03	0.23
0.19	0.15	0.56	0.45	0.95	0.48
0.05	0.00	0.73	0.47	0.18	0.58
0.37	0.42	0.52	0.59	0.69	0.66
1.19	1.38	0.54	0.90	1.05	1.26
0.26	0.00	0.23	0.55	0.47	0.60
1.30	1.69	0.48	0.64	0.79	0.10
0.84	0.96	0.59	1.19	1.79	0.66
7.08	6.40	10.56	13.40	15.90	11.40
1.20	0.25	0.47	1.01	0.00	0.00
0.59	0.00	3.73	1.46	0.62	0.94
0.00	0.00	0.00	0.18	0.29	0.43
0.08	0.00	0.04	0.19	0.19	0.19
0.07	0.00	0.42	0.15	0.17	0.05
0.76	1.08	0.03	0.38	0.26	0.17
0.77	0.51	1.18	0.58	0.36	0.35
0.35	0.12	0.61	0.44	0.40	0.33
3.82	1.96	6.48	4.39	2.29	2.46

BALANCE SHEET

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	9.55%	10.96%	9.29%
Receivables	31.00	25.44	26.61
Inventories	2.66	0.92	11.81
Other current assets	11.10	7.48	6.95
TOTAL CURRENT ASSETS	54.31	44.80	54.66
FIXED ASSETS			
Real estate	12.01	7.22	14.59
Less: Accumulated depreciation	2.58	0.95	6.94
	9.43	6.27	7.65
Machinery and equipment	72.82	67.77	82.08
Less: Accumulated depreciation	46.21	30.27	50.82
	26.61	37.50	31.26
Other fixed assets	8.20	8.57	6.96
Less: Accumulated depreciation	3.68	4.41	3.78
	4.52	4.16	3.18
NET FIXED ASSETS	40.56	47.93	42.09
OTHER ASSETS	5.13	7.27	3.25
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	8.38	3.42	7.23
Accounts payable	7.81	6.64	9.07
Other current liabilities	12.97	5.45	5.98
TOTAL CURRENT LIABILITIES	29.16	15.51	22.28
LONG-TERM LIABILITIES	14.76	21.68	34.42
TOTAL LIABILITIES	43.92	37.19	56.70
SHAREHOLDERS' AND PROPRIETORS' EQUITY	56.08	62.81	43.30
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.86	2.89	2.45
QUICK RATIO	1.77	2.83	1.92
TOTAL LIABILITIES TO EQUITY	0.78	0.59	1.31
LONG-TERM LIABILITIES TO EQUITY	0.26	0.35	0.79
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.63	0.45	0.62

** Sample insufficient for Profit Leaders.

FINISHERS		LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
5.56%	7.51%	25.90%	18.96%	7.64%	6.09%
17.98	15.81	28.83	20.12	29.64	32.26
1.29	0.88	0.22	17.77	5.72	4.76
1.11	1.12	7.55	0.51	1.81	3.41
25.94	25.32	62.50	57.36	44.81	46.52
24.44	36.66	15.11	11.96	6.20	0.00
12.81	19.22	3.75	0.47	3.36	0.00
11.63	17.44	11.36	11.49	2.84	0.00
73.10	62.15	102.48	102.96	77.48	89.17
33.32	38.44	85.19	75.25	37.10	47.60
39.78	23.71	17.29	27.71	40.38	41.57
28.73	41.94	10.70	3.71	14.18	15.87
10.68	15.31	2.47	2.30	8.24	9.82
18.05	26.63	8.23	1.41	5.94	6.05
69.46	67.78	36.88	40.61	49.16	47.62
4.60	6.90	0.62	2.03	6.03	5.86
100.00	100.00	100.00	100.00	100.00	100.00
8.95	8.77	6.37	10.79	7.70	5.19
4.28	4.53	8.62	12.64	6.74	11.72
6.73	8.95	7.02	8.20	5.10	9.09
19.96	22.25	22.01	31.63	19.54	26.00
49.60	45.21	37.86	27.70	29.92	17.95
69.56	67.46	59.87	59.33	49.46	43.95
30.44	32.54	40.13	40.67	50.54	56.05
100.00	100.00	100.00	100.00	100.00	100.00
1.30	1.14	2.84	1.81	2.29	1.79
1.23	1.10	2.83	1.25	2.00	1.61
2.29	2.07	1.49	1.46	0.98	0.78
1.63	1.39	0.94	0.68	0.59	0.32
0.46	0.62	0.83	0.73	0.48	0.53

SIGNIFICANT FACTS

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee-All employees	$ 26,156	$ 53,880	$ 21,554
Average assets per factory employee (Excluding Executives)	34,606	79,628	27,151
Average net worth per employee - All employees	13,264	24,571	9,742
Average gross plant investment per factory employee (Excluding Executives)	31,610	69,608	27,577
Net worth percentage of fixed assets	142.48%	134.18%	112.09%
EMPLOYEES			
Percent factory - All employees	85.52%	78.43%	85.27%
Percent administrative - All employees	12.43	19.82	11.81
Percent sales - All employees	2.05	1.75	2.92
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 47,815	$ 86,997	$ 37,291
Sales per factory employee	60,016	123,294	43,730
Sales less material per factory employee	55,495	118,042	36,938
Sales per administrative employee	379,757	395,367	360,400
EXCLUDING EXECUTIVES			
Sales per employee - All employees	52,460	97,036	43,305
Sales per factory employee	62,448	128,420	46,641
Sales less material per factory employee	57,797	122,953	39,407
SALES PER SALESMAN	863,333	0	865,440
SALES TO CURRENT ASSETS	364%	366%	317%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	63.28%	58.62%	57.37%
Factory payroll percentage of gross plant investment	112.42	98.92	85.69
Payroll per employee - All employees	$ 28,907	$ 48,444	$ 21,611
Payroll per factory employee	30,465	61,728	18,528
Payroll per administrative employee	35,181	26,796	41,820
Payroll per sales employee	27,488	14,896	20,327
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 23,060	$ 43,258	$ 15,028
Payroll per factory employee	25,153	53,740	14,998
Payroll per administrative employee	18,799	14,966	9,930
Payroll per sales employee	22,858	14,307	7,897
EXECUTIVE PAYROLL			
Payroll per executive - All executives	63,422	65,443	52,339
Payroll per factory executive	58,457	152,617	30,444
Payroll per administrative executive	55,692	36,399	62,741
Payroll per sales executive	18,517	0	18,543
RECEIVABLES			
Collection period	58.6	57.4	58.1
PROFIT			
Gross profit percentage of sales	22.96%	29.94%	23.24%
Average gross profit per factory employee	$ 15,599	$ 38,401	$ 11,098
Income (loss) before taxes percentage of sales	6.54%	16.33%	0.75%
Average income (loss) before taxes per employee	$ 4,588	$ 15,808	$ 525

** Sample insufficient for Profit Leaders.

FINISHERS		LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 20,685	$ 16,616	$ 14,442	$ 25,032	$ 19,748	$ 18,464
22,700	17,096	18,020	29,039	23,753	20,862
5,949	5,143	5,688	9,424	9,007	10,589
29,028	27,038	23,934	31,735	23,609	22,284
49.58%	56.36%	114.95%	278.51%	126.81%	115.16%
94.91%	97.36%	84.39%	88.07%	86.66%	91.08%
3.86	2.46	7.54	9.42	12.26	7.47
1.23	0.18	8.07	2.51	1.08	1.45
$ 34,513	$ 34,728	$ 31,102	$ 36,157	$ 34,229	$ 31,233
36,331	35,562	38,702	41,028	39,741	34,377
34,364	32,759	37,876	32,547	36,238	32,146
374,085	305,515	447,780	469,061	369,495	549,535
35,835	35,162	35,109	38,795	38,811	32,781
37,313	35,922	39,367	42,075	41,444	35,284
35,310	33,072	38,506	33,438	37,757	32,983
0	0	0	968,800	571,429	571,429
930%	1,178%	405%	292%	426%	394%
47.64%	44.25%	63.30%	61.72%	64.69%	56.35%
82.75	97.55	98.85	69.94	100.58	77.33
$ 16,315	$ 15,199	$ 20,382	$ 21,054	$ 21,739	$ 17,702
15,455	14,901	19,771	19,301	20,534	16,354
17,041	11,915	33,633	30,355	34,727	34,950
32,447	21,386	21,169	28,376	9,465	16,152
$ 12,798	$ 12,356	$ 16,537	$ 16,257	$ 15,735	$ 13,695
12,550	12,177	16,773	15,683	15,636	13,172
10,359	9,212	7,588	20,446	14,188	19,442
12,125	0	15,784	21,400	7,028	13,786
25,851	16,040	36,732	39,197	40,045	48,729
21,001	14,257	24,944	35,467	31,713	52,364
34,303	21,386	42,077	38,294	53,908	68,490
35,517	21,386	12,472	38,288	0	0
40.2	25.9	49.2	51.7	60.3	71.2
24.25%	24.58%	25.94%	11.78%	19.02%	23.70%
$ 9,131	$ 8,964	$ 10,776	$ 5,208	$ 8,012	$ 8,317
10.97%	13.81%	8.15%	(4.04)%	(0.02)%	10.50%
$ 3,915	$ 4,971	$ 2,782	$ (686)	$ 118	$ 3,260

RETURN ON INVESTMENT - PER $100 OF SALES

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 5.42	$ 6.79	$ 5.42
Receivables	15.85	15.63	15.47
Inventories	1.36	0.57	6.95
Marketable securities	1.42	3.98	2.32
Other current assets	3.80	0.55	1.44
	27.85	27.52	31.60
Plant Investment:			
Land and building	6.49	4.50	8.22
Machinery and equipment	38.64	41.59	49.02
Other fixed assets	4.17	5.24	4.04
	49.30	51.33	61.28
Non-Current Assets	2.79	4.41	2.04
TOTAL INVESTMENT	79.94	83.26	94.92
INVESTMENT TURNOVER PER $100 OF SALES	125.09%	120.11%	105.35%
EARNINGS			
Cost of Product	$77.04	$70.06	$76.76
Selling Expenses	2.70	0.81	5.12
Administrative Expenses	13.41	11.05	15.31
	93.15	81.92	97.19
Income (Loss) Before Interest, Other Income (Expense), and Taxes	6.85	18.08	2.81
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME (LOSS)	8.57%	21.72%	2.96%

** Sample insufficient for Profit Leaders.

FINISHERS		LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 2.56	$ 3.15	$13.47	$11.10	$ 4.24	$ 3.63
10.93	6.96	12.05	13.81	16.23	18.97
0.83	0.35	0.08	12.07	2.96	2.79
0.00	0.00	0.00	0.00	0.00	0.00
0.61	0.45	2.93	0.33	1.10	2.02
14.93	10.91	28.53	37.31	24.53	27.41
13.01	19.52	8.24	9.88	3.54	0.00
46.69	29.86	45.24	63.88	44.86	52.75
15.06	21.60	4.41	2.41	7.88	9.41
74.76	70.98	57.89	76.17	56.28	62.16
1.85	2.77	0.34	1.32	3.42	3.48
91.54	84.66	86.76	114.80	84.23	93.05
109.24%	118.12%	115.26%	87.11%	118.72%	107.47%
$75.75	$75.42	$74.06	$88.22	$80.98	$76.30
3.82	1.96	6.48	4.39	2.29	2.46
7.08	6.40	10.56	13.40	15.90	11.40
86.65	83.78	91.10	106.01	99.17	90.16
13.35	16.22	8.90	(6.01)	0.83	9.84
14.58%	19.16%	10.26%	(5.24)%	0.99%	10.58%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME (LOSS)
TOTAL - ALL FIRMS	28	$1,428,000	$2,531,000	$ 79,000
TOTAL - PROFIT LEADERS*	9	1,628,000	2,846,000	339,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$500,000	3	162,000	313,000	5,000
$500,000-$1,500,000	10	521,000	984,000	12,000
$1,500,000-$3,000,000	6	1,282,000	2,188,000	109,000
Over $3,000,000	9	2,955,000	5,218,000	158,000
PROFIT LEADERS				
$500,000-$1,500,000	3	467,000	826,000	107,000
Over $3,000,000	4	3,037,000	5,317,000	637,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Pamphlet	9	1,328,000	2,537,000	179,000
Edition	4	2,151,000	3,620,000	(159,000)
Finishers	3	1,740,000	3,566,000	329,000
Looseleaf	2	333,000	763,000	60,000
No Predominant Specialty	3	2,056,000	2,865,000	(112,000)
Other	7	1,053,000	1,820,000	67,000
PROFIT LEADERS				
Pamphlet	2	1,627,000	2,631,000	471,000
Finishers	2	1,746,000	4,327,000	439,000
Other	2	1,704,000	2,895,000	314,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of its size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1984 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1985 PIA Financial Ratio Study and availing yourself of this particular service.

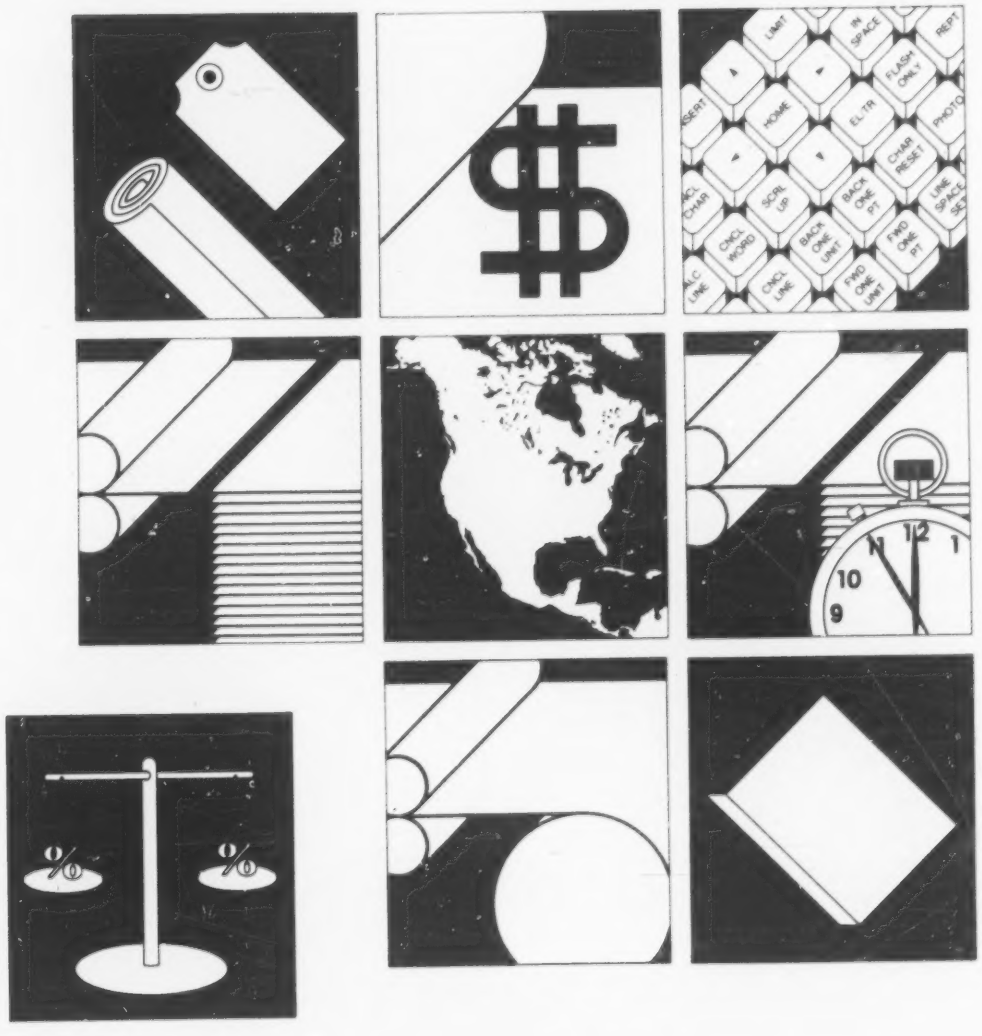
William A. Rose, II
Director
PIA Financial Services

A8740-1.134 1985

PPA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



Volume XIII
Binders

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

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PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

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Volume XIII: Binders

An Annual Financial Survey Conducted By:
PIA Financial Services
1730 North Lynn Street
Arlington, VA 22209

Accounting Firm:

H. R. Margolis
Certified Public Accountants
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PRINTING INDUSTRIES OF AMERICA, INC.

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Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of Graphic Arts Community:

In the accompanying pages are the 1985 PIA FINANCIAL RATIOS FOR BINDERS who participated in the 1985 Ratio Studies. This Ratio Study was developed on the basis of questionnaires volunteered by 25 firms and presents the ratios and statistics of Binders by sales volume and product specialty.

Thus, the user of the report can direct himself to the standards for his sales size and product specialty in the Report on Operations and its Supporting Schedules, Balance Sheet, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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Binding Industries of America is a special industry group of the binding industry and represents over 300 firms in trade binding, loose leaf manufacturing and supplies to those industries. BIA provides technical and managerial information on trade binding and loose leaf manufacturing. The *Binders' Bulletin* is a monthly publication with items of interest to the entire membership. In addition to the *Binders' Bulletin*, several other reports of special interest to binders are produced by BIA. BIA has also worked with American National Standards Institute in publishing specifications for the loose leaf binding industry. These specifications are available for purchase from the BIA office.

Over 450 people annually attend the BIA conference held in central locations. These members hear discussions and exchange information on the technology and problems unique to the binding industry. Audio tapes of these sessions are published by BIA and are available from the BIA office. Regional seminars are held each year in the east, midwest and west for technical subjects as well as exhibits from the supplier members. These seminars are for supervisory personnel in the members' binderies.

BIA is governed by its own Board of Directors and officers and is itself a support contributor to the efforts of Printing Industries of America, Inc. and affiliated local associations. We highly endorse the PIA Financial Ratio Study and encourage participation in this vital program..

James R. Niesen
Executive Director
Binding Industries of America
(312) 751-0440

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS*
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%
FACTORY COST OF PRODUCT		
MATERIALS		
Paper	0.24	0.00
Chargeable materials	9.08	1.43
Outside services	2.28	0.86
TOTAL MATERIALS	11.60	2.29
FACTORY PAYROLL	46.87	49.34
FACTORY EXPENSES	18.69	18.58
TOTAL FACTORY COST OF PRODUCT	77.16	70.21
GROSS PROFIT	22.84	29.79
ADMINISTRATIVE AND SELLING EXPENSES		
Administrative expenses	14.42	11.84
Selling expenses	3.16	2.12
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	17.58	13.96
INCOME BEFORE INTEREST EXPENSE	5.26	15.83
Interest expense	2.39	0.38
OPERATING INCOME	2.87	15.45
Other income	1.13	1.98
INCOME BEFORE INCOME TAXES	4.00	17.43

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%
0.55	0.00	0.04	0.00
6.05	3.81	13.92	1.13
1.28	1.41	3.40	1.44
7.88	5.22	17.36	2.57
47.79	54.52	43.06	50.24
20.48	18.74	16.83	14.68
76.15	78.48	77.25	67.49
23.85	21.52	22.75	32.51
17.05	15.01	10.50	10.55
2.83	0.83	4.49	3.37
19.88	15.84	14.99	13.92
3.97	5.68	7.76	18.59
2.62	0.97	2.85	0.44
1.35	4.71	4.91	18.15
1.06	1.52	0.91	2.05
2.41	6.23	5.82	20.20

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL		
Salaries - executive	3.38%	2.67%
Direct wages	32.61	37.51
General factory salaries and wages	1.58	0.22
Packing, shipping and delivery wages	1.92	3.02
Payroll taxes	3.56	3.31
Employee benefits	3.82	2.61
TOTAL FACTORY PAYROLL	46.87	49.34
FACTORY EXPENSES		
Fixed Expenses		
Depreciation - real estate	0.19	0.30
Depreciation - other	4.35	5.39
Taxes - real estate	0.19	0.41
Taxes - other	0.26	0.19
Insurance	0.95	1.09
Building rent	3.24	1.31
Utilities - heat, light, etc.	1.68	1.66
Equipment rental	0.65	0.40
Total Fixed Expenses	11.51	10.75
Other Expenses		
Factory supplies and expense	2.28	1.74
Packing, shipping and delivery expense	1.85	2.66
Repairs and maintenance	2.08	3.08
Other factory expenses	0.97	0.35
Total Other Expenses	7.18	7.83
TOTAL FACTORY EXPENSES	18.69	18.58
ADMINISTRATIVE EXPENSES		
Salaries - executive	6.03	3.82
Salaries - office	2.95	3.24
Payroll taxes	0.75	0.57
Employee benefits	0.82	1.34
Bad debts	0.37	0.51
Office supplies and expenses	0.55	0.53
Professional fees	0.82	0.34
Taxes - business	0.24	0.39
Telephone	0.53	0.36
Other administrative expenses	1.36	0.74
TOTAL ADMINISTRATIVE EXPENSES	14.42	11.84
SELLING EXPENSES		
Salaries - executive	1.05	0.81
Salaries and commissions - salesmen	0.68	0.38
Salaries - sales office clerical	0.04	0.17
Payroll taxes	0.10	0.03
Employee benefits	0.08	0.03
Advertising	0.31	0.40
Travel and entertainment	0.53	0.12
Other selling expenses	0.37	0.18
TOTAL SELLING EXPENSES	3.16	2.12

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
4.32%	3.81%	2.29%	2.14%
33.06	37.59	29.92	38.92
0.87	0.59	2.65	0.44
1.99	3.11	1.48	2.73
3.91	3.64	3.18	3.50
3.64	5.78	3.54	2.51
47.79	54.52	43.06	50.24
0.27	0.00	0.18	0.59
5.60	5.72	2.73	2.04
0.23	0.02	0.22	0.68
0.22	0.36	0.22	0.00
1.15	1.39	0.53	0.17
3.76	1.94	2.94	0.77
1.43	1.19	1.95	1.93
0.23	0.03	1.33	0.76
12.89	10.65	10.10	6.94
2.86	1.84	2.04	1.75
1.39	1.80	2.26	3.46
1.91	2.54	2.12	2.47
1.43	1.91	0.31	0.06
7.59	8.09	6.73	7.74
20.48	18.74	16.83	14.68
8.49	5.04	3.40	2.84
2.61	4.28	2.71	1.97
0.84	0.87	0.58	0.22
1.03	0.30	0.76	2.07
0.42	0.00	0.47	0.55
0.59	1.05	0.30	0.23
0.84	0.43	0.57	0.54
0.21	0.98	0.06	0.22
0.55	0.36	0.52	0.44
1.47	1.70	1.13	1.47
17.05	15.01	10.50	10.55
1.53	0.00	1.03	1.61
0.30	0.00	1.32	0.77
0.01	0.00	0.08	0.33
0.09	0.00	0.14	0.06
0.07	0.00	0.11	0.06
0.26	0.49	0.31	0.32
0.46	0.25	0.74	0.07
0.11	0.09	0.76	0.15
2.83	0.83	4.49	3.37

BALANCE SHEET

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
ASSETS		
CURRENT ASSETS		
Cash	7.80%	10.20%
Receivables	28.94	24.40
Inventories	7.00	1.26
Other current assets	8.86	9.22
TOTAL CURRENT ASSETS	52.60	45.08
FIXED ASSETS		
Real estate	9.27	17.72
Less: Accumulated depreciation	2.55	3.17
	6.72	14.55
Machinery and equipment	86.66	72.73
Less: Accumulated depreciation	54.66	44.04
	32.00	28.69
Other fixed assets	8.68	11.47
Less: Accumulated depreciation	5.07	6.72
	3.61	4.75
NET FIXED ASSETS	42.33	47.99
OTHER ASSETS	5.07	6.93
TOTAL ASSETS	100.00	100.00
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Notes payable	11.06	0.60
Accounts payable	8.58	3.51
Other current liabilities	10.14	9.86
TOTAL CURRENT LIABILITIES	29.78	13.97
LONG-TERM LIABILITIES	27.43	6.63
TOTAL LIABILITIES	57.21	20.60
SHAREHOLDERS' AND PROPRIETORS' EQUITY	42.79	79.40
TOTAL LIABILITIES AND EQUITY	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.77	3.23
QUICK RATIO	1.53	3.14
TOTAL LIABILITIES TO EQUITY	1.34	0.26
LONG-TERM LIABILITIES TO EQUITY	0.64	0.08
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.63	0.60

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
10.46%	8.89%	5.50%	6.11%
26.38	30.72	32.53	28.50
5.06	1.98	9.96	2.32
6.95	10.84	5.24	5.98
48.85	52.43	53.23	42.91
10.56	1.79	11.15	35.44
4.01	0.63	1.91	6.34
6.55	1.16	9.24	29.10
91.70	86.23	72.82	59.62
55.97	55.60	41.74	39.18
35.73	30.63	31.08	20.44
8.09	15.48	6.52	5.64
4.94	9.75	3.12	3.49
3.15	5.73	3.40	2.15
45.43	37.52	43.72	51.69
5.72	10.05	3.05	5.40
100.00	100.00	100.00	100.00
8.41	5.89	16.36	0.00
5.18	5.60	13.06	4.29
5.87	8.37	15.92	14.79
19.46	19.86	45.34	19.08
36.90	17.58	23.64	10.21
56.36	37.44	68.98	29.29
43.64	62.56	31.02	70.71
100.00	100.00	100.00	100.00
2.51	2.64	1.17	2.25
2.25	2.54	0.95	2.13
1.29	0.60	2.22	0.41
0.85	0.28	0.76	0.14
0.61	0.64	0.57	0.66

SIGNIFICANT FACTS

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Average assets per employee - All employees	$ 20,859	$ 20,616
Average assets per factory employee (Excluding Executives)	24,885	23,251
Average net worth per employee - All employees	9,050	16,994
Average gross plant investment per factory employee (Excluding Executives)	25,042	23,618
Net worth percentage of fixed assets	132.21%	172.86%
EMPLOYEES		
Percent factory - All employees	87.77%	91.03%
Percent administrative - All employees	10.45	8.47
Percent sales - All employees	1.78	0.50
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES		
Sales per employee - All employees	$ 42,923	$ 35,469
Sales per factory employee	48,921	39,129
Sales less material per factory employee	42,625	38,314
Sales per administrative employee	475,537	435,081
EXCLUDING EXECUTIVES		
Sales per employee - All employees	47,209	37,234
Sales per factory employee	51,098	39,927
Sales less material per factory employee	44,433	39,090
SALES PER SALESMAN	946,222	750,000
SALES TO CURRENT ASSETS	422%	398%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES		
Total payroll percentage of sales	59.36%	59.72%
Factory payroll percentage of gross plant investment	99.72	85.01
Payroll per employee - All employees	$ 24,982	$ 21,307
Payroll per factory employee	22,417	19,340
Payroll per administrative employee	44,232	38,844
Payroll per sales employee	28,523	37,477
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES		
Payroll per employee - All employees	$ 18,234	$ 16,576
Payroll per factory employee	17,884	16,191
Payroll per administrative employee	21,044	19,571
Payroll per sales employee	18,560	25,052
EXECUTIVE PAYROLL		
Payroll per executive - All executives	55,793	81,239
Payroll per factory executive	43,341	73,484
Payroll per administrative executive	74,273	81,194
Payroll per sales executive	30,430	38,373
RECEIVABLES		
Collection period	51.0	52.2
PROFIT		
Gross profit percentage of sales	22.84%	29.79%
Average gross profit per factory employee	$ 11,677	$ 11,676
Income before taxes percentage of sale	4.00%	17.43%
Average income before taxes per employee	$ 1,625	$ 5,946

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 20,850	$ 21,776	$ 21,002	$ 17,384
25,669	24,461	24,652	19,401
9,866	13,588	6,222	12,811
26,784	25,366	21,755	19,762
111.10%	184.06%	71.67%	144.93%
85.65%	90.78%	89.32%	91.95%
12.73	9.22	8.02	7.06
1.62	0.00	2.66	0.99
$ 39,653	$ 45,786	$ 46,730	$ 30,114
46,384	50,430	52,465	32,941
42,933	47,508	42,036	32,238
321,240	504,703	650,103	446,882
45,688	48,077	49,881	31,339
48,835	51,551	54,770	33,540
45,151	48,557	43,724	32,823
236,000	0	1,047,682	750,000
441%	415%	426%	422%
62.76%	65.03%	53.18%	60.17%
93.83	117.55	105.49	87.79
$ 24,783	$ 29,694	$ 24,234	$ 18,429
21,937	27,484	21,816	16,751
40,957	52,743	46,118	31,187
13,564	0	54,893	74,954
$ 17,391	$ 21,770	$ 18,266	$ 14,244
17,377	21,272	17,639	14,141
16,787	27,314	23,292	11,828
4,235	0	40,309	50,103
44,251	112,147	52,671	50,535
34,414	108,746	33,621	37,623
46,917	113,847	93,855	49,146
19,955	0	53,078	76,746
48.3	51.9	55.6	60.7
23.85%	21.52%	22.75%	32.51%
$ 12,123	$ 10,996	$ 11,968	$ 10,779
2.41%	6.23%	5.82%	20.20%
$ 1,193	$ 2,739	$ 2,028	$ 5,898

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Current Assets:		
Cash	$ 3.86	$ 5.73
Receivables	13.73	14.19
Inventories	3.45	0.77
Marketable securities	2.96	4.96
Other current assets	1.55	0.62
	25.55	26.27
Plant Investment:		
Land and building	4.72	10.17
Machinery and equipment	42.65	41.85
Other fixed assets	4.27	6.57
	51.64	58.59
Non-Current Assets	2.81	4.00
TOTAL INVESTMENT	80.00	88.86
INVESTMENT TURNOVER PER $100 OF SALES	125.00%	112.54%
EARNINGS		
Cost of Product	$77.16	$70.21
Selling Expenses	3.16	2.12
Administrative Expenses	14.42	11.84
	94.74	84.17
Income Before Interest, Other Income, and Taxes	5.26	15.83
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.58%	17.82%

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 5.21	$ 4.61	$ 2.62	$ 3.27
13.14	14.18	14.80	16.40
2.66	0.95	4.65	1.42
2.17	0.74	1.43	2.93
1.68	3.81	0.81	0.67
24.86	24.29	24.31	24.69
5.35	0.86	5.72	20.35
46.79	41.54	32.93	34.03
4.19	7.72	2.82	3.24
56.33	50.12	41.47	57.62
3.43	4.89	1.61	3.21
84.62	79.30	67.39	85.52
118.18%	126.10%	148.39%	116.93%
$76.15	$78.48	$77.25	$67.49
2.83	0.83	4.49	3.37
17.05	15.01	10.50	10.55
96.03	94.32	92.24	81.41
3.97	5.68	7.76	18.59
4.69%	7.16%	11.52%	21.74%

REPORT ON OPERATIONS - SALES = 100%

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	0.05	0.00	0.00
Chargeable materials	2.63	1.90	17.26
Outside services	1.78	1.12	1.75
TOTAL MATERIALS	4.46	3.02	19.01
FACTORY PAYROLL	50.19	48.93	41.78
FACTORY EXPENSES	19.10	16.55	18.03
TOTAL FACTORY COST OF PRODUCT	73.75	68.50	78.82
GROSS PROFIT	26.25	31.50	21.18
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	13.12	10.80	13.14
Selling expenses	2.60	2.32	3.91
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.72	13.12	17.05
INCOME (LOSS) BEFORE INTEREST EXPENSE	10.53	18.38	4.13
Interest expense	1.97	0.34	3.16
OPERATING INCOME (LOSS)	8.56	18.04	0.97
Other income	0.96	1.68	1.28
INCOME (LOSS) BEFORE INCOME TAXES	9.52	19.72	2.25

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
100.00%	100.00%	100.00%
0.00	1.10	0.00
34.22	1.92	6.72
5.11	2.08	2.48
39.33	5.10	9.20
24.08	53.93	48.52
13.32	19.77	18.51
76.73	78.80	76.23
23.27	21.20	23.77
12.60	20.34	13.64
4.85	1.10	3.81
17.45	21.44	17.45
5.82	(0.24)	6.32
1.92	2.22	2.33
3.90	(2.46)	3.99
0.06	1.89	0.90
3.96	(0.57)	4.89

SUPPORTING SCHEDULES - SALES = 100%

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.75%	2.12%	5.06%
Direct wages	37.75	37.57	28.15
General factory salaries and wages	1.23	0.30	2.10
Packing, shipping and delivery wages	2.05	3.11	0.61
Payroll taxes	3.54	3.35	3.37
Employee benefits	3.87	2.48	2.49
TOTAL FACTORY PAYROLL	50.19	48.93	41.78
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.20	0.40	0.28
Depreciation - other	5.14	4.05	2.99
Taxes - real estate	0.30	0.55	0.20
Taxes - other	0.09	0.10	0.43
Insurance	1.17	0.92	0.96
Building rent	2.76	1.15	3.69
Utilities - heat, light, etc.	1.67	1.72	1.82
Equipment rental	0.34	0.50	1.54
Total Fixed Expenses	11.67	9.39	11.91
Other Expenses			
Factory supplies and expense	2.15	1.28	2.85
Packing, shipping and delivery expense	2.51	2.84	0.31
Repairs and maintenance	2.28	2.88	1.85
Other factory expenses	0.49	0.16	1.11
Total Other Expenses	7.43	7.16	6.12
TOTAL FACTORY EXPENSES	19.10	16.55	18.03
ADMINISTRATIVE EXPENSES			
Salaries - executive	5.76	3.64	6.54
Salaries - office	2.20	2.30	2.13
Payroll taxes	0.86	0.46	0.58
Employee benefits	1.25	1.58	0.71
Bad debts	0.38	0.67	0.09
Office supplies and expenses	0.26	0.23	0.39
Professional fees	0.66	0.38	0.79
Taxes - business	0.10	0.15	0.06
Telephone	0.53	0.40	0.49
Other administrative expenses	1.12	0.99	1.36
TOTAL ADMINISTRATIVE EXPENSES	13.12	10.80	13.14
SELLING EXPENSES			
Salaries - executive	0.62	1.07	1.41
Salaries and commissions - salesmen	0.70	0.51	0.74
Salaries - sales office clerical	0.09	0.22	0.02
Payroll taxes	0.06	0.04	0.14
Employee benefits	0.06	0.04	0.11
Advertising	0.26	0.22	0.34
Travel and entertainment	0.45	0.06	0.80
Other selling expenses	0.36	0.16	0.35
TOTAL SELLING EXPENSES	2.60	2.32	3.91

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
2.49%	4.12%	4.33%
17.05	35.45	33.28
0.28	1.90	0.70
1.11	2.99	2.60
1.56	3.92	4.35
1.59	5.55	3.26
24.08	53.93	48.52
0.18	0.27	0.00
2.67	4.19	5.29
0.19	0.20	0.01
0.46	0.23	0.29
0.27	0.93	0.97
1.26	3.57	3.20
1.17	1.92	1.41
0.85	0.07	0.69
7.05	11.38	11.86
2.46	2.21	1.69
2.27	2.09	1.83
1.33	2.03	2.56
0.21	2.06	0.57
6.27	8.39	6.65
13.32	19.77	18.51
5.41	7.84	5.02
3.40	4.51	3.21
0.48	0.84	0.89
0.41	0.93	0.44
0.71	0.42	0.57
0.52	0.95	0.86
0.44	1.49	0.56
0.03	0.33	0.79
0.54	0.51	0.66
0.66	2.52	0.64
12.60	20.34	13.64
0.40	0.61	2.03
1.69	0.19	0.28
0.07	0.00	0.00
0.19	0.00	0.13
0.15	0.00	0.07
0.16	0.09	0.53
0.67	0.11	0.61
1.52	0.10	0.16
4.85	1.10	3.81

BALANCE SHEET

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	8.96%	7.17%	9.93%
Receivables	29.74	26.89	27.67
Inventories	3.81	1.64	13.08
Other current assets	5.57	10.94	8.30
TOTAL CURRENT ASSETS	48.08	46.64	58.98
FIXED ASSETS			
Real estate	11.92	23.63	11.41
Less: Accumulated depreciation	2.54	4.23	5.94
	9.38	19.40	5.47
Machinery and equipment	87.08	63.94	83.29
Less: Accumulated depreciation	53.07	38.03	52.85
	34.01	25.91	30.44
Other fixed assets	7.67	7.48	6.00
Less: Accumulated depreciation	4.01	4.35	4.21
	3.66	3.13	1.79
NET FIXED ASSETS	47.05	48.44	37.70
OTHER ASSETS	4.87	4.92	3.32
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.56	0.00	7.45
Accounts payable	8.30	2.86	8.11
Other current liabilities	18.09	10.08	5.36
TOTAL CURRENT LIABILITIES	36.95	12.94	20.92
LONG-TERM LIABILITIES	14.42	6.81	29.49
TOTAL LIABILITIES	51.37	19.75	50.41
SHAREHOLDERS' AND PROPRIETORS' EQUITY	48.63	80.25	49.59
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.30	3.60	2.82
QUICK RATIO	1.20	3.48	2.19
TOTAL LIABILITIES TO EQUITY	1.06	0.25	1.02
LONG-TERM LIABILITIES TO EQUITY	0.30	0.08	0.59
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.61	0.59	0.63

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
9.48%	5.67%	6.69%
31.21	31.01	25.55
7.89	3.36	3.78
13.78	18.53	2.78
62.36	58.57	38.80
14.02	9.71	1.34
0.65	2.08	0.47
13.37	7.63	0.87
63.73	103.56	81.88
47.11	78.85	36.46
16.62	24.71	45.42
8.83	10.69	11.73
1.82	7.07	7.18
7.01	3.62	4.55
37.00	35.96	50.84
0.64	5.47	10.36
100.00	100.00	100.00
5.25	13.62	7.22
23.26	5.73	3.95
10.62	5.67	8.14
39.13	25.02	19.31
24.88	34.61	35.71
64.01	59.63	55.02
35.99	40.37	44.98
100.00	100.00	100.00
1.59	2.34	2.01
1.39	2.21	1.81
1.78	1.48	1.22
0.69	0.86	0.79
0.74	0.76	0.45

SIGNIFICANT FACTS

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee-All employees	$ 20,208	$ 20,037	$ 21,555
Average assets per factory employee (Excluding Executives)	23,301	22,790	26,518
Average net worth per employee - All employees	10,119	16,931	10,792
Average gross plant investment per factory employee (Excluding Executives)	24,974	21,427	24,749
Net worth percentage of fixed assets	105.23%	175.54%	137.64%
EMPLOYEES			
Percent factory - All employees	88.93%	90.82%	87.97%
Percent administrative - All employees	9.94	8.52	9.88
Percent sales - All employees	1.13	0.66	2.15
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 40,703	$ 33,739	$ 40,517
Sales per factory employee	45,983	37,387	46,061
Sales less material per factory employee	43,770	36,311	37,453
Sales per administrative employee	474,064	417,473	454,364
EXCLUDING EXECUTIVES			
Sales per employee - All employees	43,768	35,837	46,148
Sales per factory employee	46,831	38,300	49,566
Sales less material per factory employee	44,585	37,195	40,331
SALES PER SALESMAN	975,000	750,000	1,017,703
SALES TO CURRENT ASSETS	433%	381%	330%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	61.81%	58.79%	54.17%
Factory payroll percentage of gross plant investment	99.42	88.32	88.20
Payroll per employee - All employees	$ 25,249	$ 19,941	$ 21,930
Payroll per factory employee	23,163	18,306	19,288
Payroll per administrative employee	39,950	32,452	39,334
Payroll per sales employee	39,034	49,969	28,654
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 19,181	$ 15,723	$ 15,782
Payroll per factory employee	19,116	15,596	15,483
Payroll per administrative employee	17,738	14,980	17,162
Payroll per sales employee	29,868	33,402	18,878
EXECUTIVE PAYROLL			
Payroll per executive - All executives	48,615	45,422	40,820
Payroll per factory executive	28,145	35,082	31,845
Payroll per administrative executive	50,295	45,361	59,305
Payroll per sales executive	28,899	51,164	34,740
RECEIVABLES			
Collection period	53.1	58.3	54.2
PROFIT			
Gross profit percentage of sales	26.25%	31.50%	21.18%
Average gross profit per factory employee	$ 11,740	$ 11,886	$ 10,662
Income (loss) before taxes percentage of sales	9.52%	19.72%	2.25%
Average income before taxes per employee	$ 3,152	$ 6,495	$ 1,145

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
$ 23,992	$ 16,282	$ 24,566
28,840	20,225	28,941
8,147	7,470	10,583
25,261	23,930	27,172
108.25%	238.61%	93.85%
88.73%	84.58%	88.79%
6.65	14.58	9.62
4.62	0.84	1.59
$ 63,201	$ 38,050	$ 44,044
71,226	44,996	49,562
43,210	42,737	44,828
951,122	268,542	468,149
68,576	43,228	47,780
76,283	47,141	51,461
46,261	44,762	46,517
400,000	0	1,000,000
430%	445%	499%
36.28%	68.84%	60.58%
74.11	118.80	97.04
$ 22,902	$ 25,942	$ 26,674
17,146	23,837	24,106
92,518	37,068	45,368
34,326	6,543	27,698
$ 16,179	$ 18,533	$ 19,092
14,033	18,397	18,840
42,506	20,604	20,617
27,573	2,045	10,731
64,181	47,597	89,984
26,707	44,519	84,486
233,718	47,746	95,278
42,576	21,533	15,380
46.1	47.9	49.8
23.27%	21.20%	23.77%
$ 17,786	$ 10,873	$ 12,147
3.96%	(0.57)%	4.89%
$ 2,485	$ 183	$ 2,126

RETURN ON INVESTMENT - PER $100 OF SALES

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 4.95	$ 4.10	$ 5.19
Receivables	14.41	15.83	14.48
Inventories	1.54	1.00	7.03
Marketable securities	2.52	5.87	1.96
Other current assets	0.67	0.83	2.41
	24.09	27.63	31.07
Plant Investment:			
Land and building	6.46	13.56	6.08
Machinery and equipment	43.74	37.64	42.78
Other fixed assets	3.80	4.46	3.13
	54.00	55.66	51.99
Non-Current Assets	2.72	2.95	1.75
TOTAL INVESTMENT	80.81	86.24	84.81
INVESTMENT TURNOVER PER $100 OF SALES	123.75%	115.96%	117.91%
EARNINGS			
Cost of Product	$73.75	$68.50	$78.82
Selling Expenses	2.60	2.32	3.91
Administrative Expenses	13.12	10.80	13.14
	89.47	81.62	95.87
Income (Loss) Before Interest, Other Income, and Taxes	10.53	18.38	4.13
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME (LOSS)	13.03%	21.31%	4.87%

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
$ 3.07	$ 2.21	$ 3.62
12.40	13.04	13.22
3.30	1.85	1.90
4.20	6.61	0.56
0.33	2.91	1.22
23.30	26.62	20.52
6.02	4.61	0.64
24.07	46.36	46.24
3.14	4.81	6.65
33.23	55.78	53.53
0.21	2.38	6.70
56.74	84.78	80.75
176.24%	117.95%	123.84%
$76.73	$78.80	$76.23
4.85	1.10	3.81
12.60	20.34	13.64
94.18	100.24	93.68
5.82	(0.24)	6.32
10.26%	(0.28)%	7.83%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME (LOSS)
TOTAL - ALL FIRMS	25	$1,403,000	$2,989,000	$ 159,000
TOTAL - PROFIT LEADERS*	4	1,968,000	3,461,000	651,000
BY SIZE OF FIRM				
ALL FIRMS				
$500,000-$1,500,000	10	533,000	1,037,000	25,000
$1,500,000-$3,000,000	3	1,017,000	2,100,000	133,000
Over $3,000,000	10	2,504,000	5,459,000	319,000
PROFIT LEADERS				
Over $3,000,000	2	2,889,000	5,106,000	1,051,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Pamphlet	7	1,711,000	3,696,000	358,000
Edition Books	5	1,671,000	3,191,000	148,000
Looseleaf	2	2,017,000	5,125,000	179,000
No Predominant Specialty	5	480,000	1,158,000	3,000
Other	4	1,182,000	2,318,000	121,000
PROFIT LEADERS				
Pamphlet	3	2,222,000	3,882,000	791,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of its size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 =	20.7%

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services

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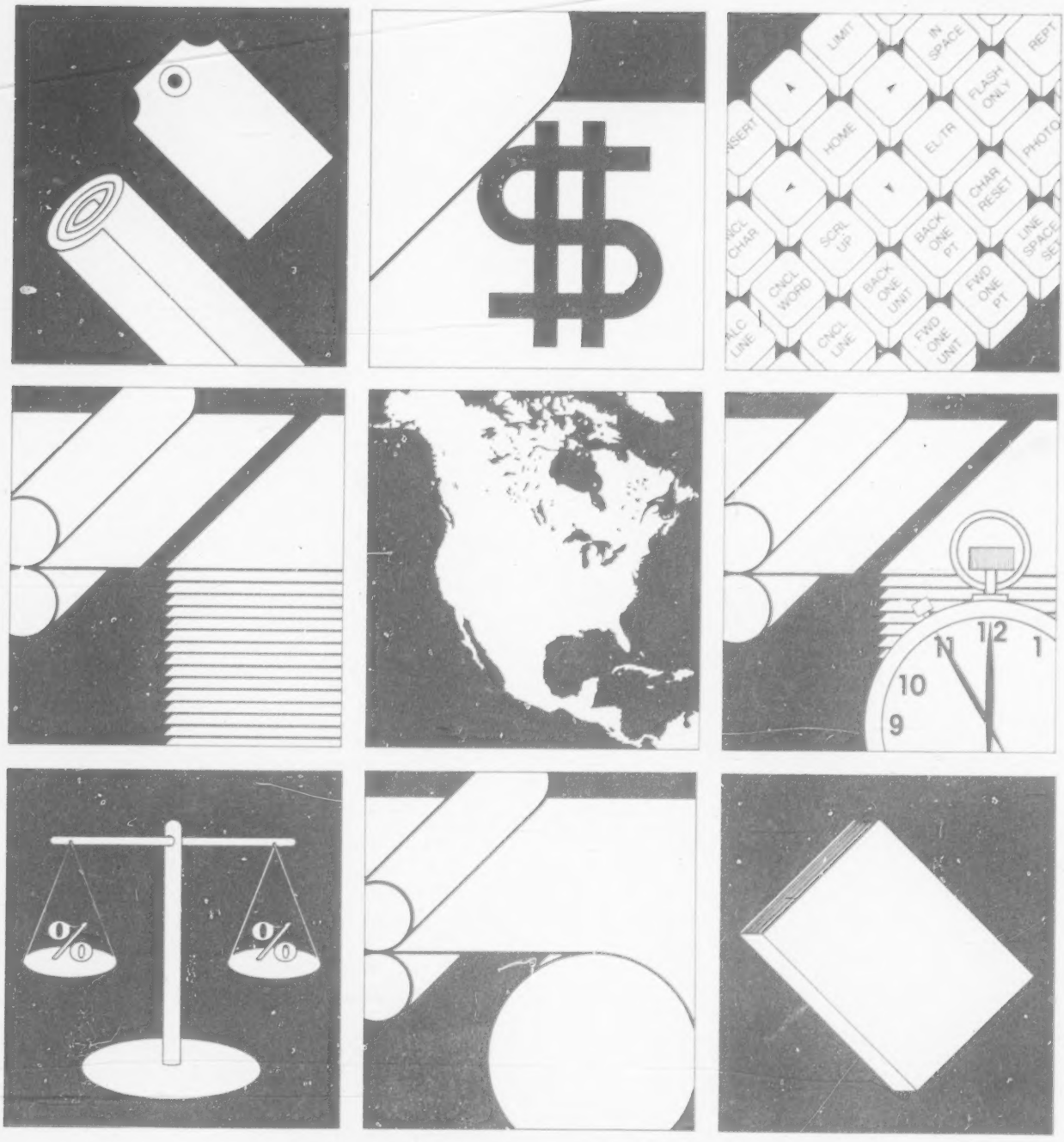
Printing Industries of America, Inc.

1984 Financial Ratios



Volume XIV
Quick Printers' Ratios

ABOUT PIA . . .

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 11,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Management Services Department is active in financial management offering numerous publications, conferences, and seminars:

- Best & Worst Markets for Printers in the 1980s - a unique marketing and financial planning aid, available by subscription
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981-82 Production Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation
- 1984 Executive Compensation Report
- Costing, Estimating, and Pricing Systems Conferences
- Managing your Printing Business Conferences

For information on any of the above contact the Management Services Department:

Printing Industries of America, Inc.
Management Services Department
1730 North Lynn Street
Arlington, Virginia 22209
(703) 841-8194

In addition, PIA Financial Services offers the following publications and seminars:

- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly newsletter
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management Seminars
- Seminars on financial applications for microcomputers

For further information, contact:

William A. Rose, II
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Printing Industries of America, Inc.
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Arlington, Virginia 22209
703/841-8145

61ST annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1984 FINANCIAL RATIOS

QUICK PRINTERS

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PRINTING INDUSTRIES OF AMERICA, INC.

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1730 North Lynn Street
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Certified Public Accountants
New York and Philadelphia (Bala Cynwyd)

Printed in U.S.A.

PRINTING INDUSTRIES OF AMERICA, INC.
1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

Dear Colleague:

1984 is the 61st year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the U.S. and Canadian graphic arts industries. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the U.S. and Canadian printing industry, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to William A. Rose, II, Director of Financial Services, Printing Industries of America, Inc., 1730 North Lynn Street, Arlington, VA 22209 (703) 841-8145.

Jim Olsen
Vice-President, Management Services
Printing Industries of America, Inc.

Dear Quick Printers:

In the accompanying pages are the 1984 PIA FINANCIAL RATIOS FOR QUICK PRINTERS who participated in the 1984 Ratio Studies. This Ratio Study was developed on the basis of questionnaires volunteered by 31 firms and presents the ratios and statistics of Quick Printers by sales volume and location.

Thus the user of the report can direct himself to the standards for his sales size — for example, sales to $250,000, sales from $250,000 to $500,000, etc.; and by location — for example, Metropolitan Area and Non-Metropolitan Area. Readers can compare the data from their own firm's financial statements with similar data from other firms in four areas: Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in compiling these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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The American Quick Printing Association (AQPA), a special industry group of Printing Industries of America, Inc., represents quick printers. AQPA provides information and services of special interest and benefit to the quick printing segment of our industry.

AQPA endorses the annual PIA Financial Ratio Study and encourages their use. If you would like more information about the AQPA, please do not hesitate to contact me.

David F. Bacon
Executive Director, AQPA
President, PIAS

The Printing Industry Association
of the South, Inc. (PIAS)
1000 17th Avenue, South
Nashville, TN 37212
615/327-4444

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	17.50	16.44	16.20	15.85
Other chargeable materials	4.46	3.86	4.64	4.64
Outside services	6.78	6.17	8.16	7.67
TOTAL MATERIALS	28.74	26.47	29.00	28.16
FACTORY PAYROLL	23.96	21.34	22.47	19.99
FACTORY EXPENSES	19.35	19.43	21.48	22.41
TOTAL FACTORY COST OF PRODUCT	72.05	67.24	72.95	70.56
GROSS PROFIT	27.95	32.76	27.05	29.44
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	14.31	10.63	15.00	4.98
Selling expenses	6.45	5.58	4.82	4.10
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	20.76	16.21	19.82	9.08
INCOME BEFORE INTEREST EXPENSE	7.19	16.55	7.23	20.36
Interest expense	1.50	1.08	1.46	1.17
OPERATING INCOME	5.69	15.47	5.77	19.19
Other income (expense)	(0.74)	(0.98)	(1.71)	(2.05)
INCOME BEFORE INCOME TAXES	4.95	14.49	4.06	17.14

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	0.99%	0.65%	0.73%	0.37%
Film	0.82	0.91	0.71	0.86
Plates	1.53	0.95	1.62	0.77
Other chargeable materials	1.12	1.35	1.58	2.64
TOTAL OTHER CHARGEABLE MATERIALS	4.46	3.86	4.64	4.64
OUTSIDE SERVICES				
Composition	1.01	0.81	1.27	1.00
Offset preparation	0.48	0.29	0.47	0.00
Printing	4.14	4.76	5.36	5.35
Binding	0.30	0.08	0.45	0.35
Other outside services	0.85	0.23	0.61	0.97
TOTAL OUTSIDE SERVICES	6.78	6.17	8.16	7.67

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

SALES FROM $250,000-$500,000		SALES FROM $500,000-$1,500,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%
18.74	14.78	18.07	20.46
4.08	1.73	4.66	5.09
5.86	3.80	5.68	5.96
28.68	20.31	28.41	31.51
23.53	22.00	26.91	23.74
19.05	18.63	16.27	13.15
71.26	60.94	71.59	68.40
28.74	39.06	28.41	31.60
14.81	16.85	12.55	15.39
7.22	9.43	8.12	3.53
22.03	26.28	20.67	18.92
6.71	12.78	7.74	12.68
1.30	1.34	1.82	0.48
5.41	11.44	5.92	12.20
(0.52)	0.08	0.55	0.11
4.89	11.52	6.47	12.31
1.90%	0.93%	1.19%	0.83%
1.07	0.00	0.95	1.81
1.11	0.80	1.66	1.41
0.00	0.00	0.86	1.04
4.08	1.73	4.66	5.09
0.64	0.86	1.00	0.00
0.31	0.45	0.64	0.00
3.30	2.49	3.29	5.96
0.00	0.00	0.41	0.00
1.61	0.00	0.34	0.00
5.86	3.80	5.68	5.96

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.67%	1.24%	1.27%	0.00%
Direct wages	17.45	15.61	14.92	14.60
General factory salaries and wages	1.31	1.07	2.15	1.69
Packing, shipping and delivery wages	0.44	0.43	0.52	0.22
Payroll taxes	1.96	1.91	2.63	2.42
Employee benefits	1.13	1.08	0.98	1.06
TOTAL FACTORY PAYROLL	23.96	21.34	22.47	19.99
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.12	0.16	0.13	0.33
Depreciation - other	3.86	4.07	3.41	3.64
Taxes - real estate	0.10	0.08	0.10	0.07
Taxes - other	0.24	0.27	0.26	0.24
Insurance	0.79	0.97	1.00	1.32
Building rent	5.09	4.71	6.87	5.23
Utilities - heat, light, etc.	1.19	1.10	1.53	1.11
Equipment rental	3.83	3.59	3.93	4.13
Total Fixed Expenses	15.22	14.95	17.23	16.07
Other Expenses				
Factory supplies and expense	0.93	0.74	0.88	0.80
Packing, shipping and delivery expense	0.66	0.25	0.29	0.08
Repairs and maintenance	1.88	2.18	2.02	2.86
Other factory expenses	0.66	1.31	1.06	2.60
Total Other Expenses	4.13	4.48	4.25	6.34
TOTAL FACTORY EXPENSES	19.35	19.43	21.48	22.41
ADMINISTRATIVE EXPENSES				
Salaries - executive	6.70	3.18	7.95	0.00
Salaries - office	2.09	1.96	1.66	1.43
Payroll taxes	0.39	0.34	0.38	0.00
Employee benefits	0.48	0.22	0.57	0.03
Bad debts	0.36	0.24	0.27	0.38
Office supplies and expenses	0.72	0.80	0.69	0.77
Professional fees	1.12	0.99	1.22	0.96
Taxes - business	0.23	0.15	0.42	0.15
Telephone	0.86	0.73	0.89	0.62
Other administrative expenses	1.36	2.02	0.95	0.64
TOTAL ADMINISTRATIVE EXPENSES	14.31	10.63	15.00	4.98
SELLING EXPENSES				
Salaries - executive	1.31	0.58	0.72	0.00
Salaries and commissions - salesmen	1.00	1.03	0.00	0.00
Salaries - sales office clerical	0.49	0.52	0.33	0.00
Payroll taxes	0.14	0.06	0.08	0.00
Employee benefits	0.07	0.06	0.05	0.00
Advertising	1.87	1.74	1.76	1.42
Travel and entertainment	0.95	1.41	1.39	2.50
Other selling expenses	0.62	0.18	0.49	0.18
TOTAL SELLING EXPENSES	6.45	5.58	4.82	4.10

SALES FROM $250,000-$500,000		SALES FROM $500,000-$1,500,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.61%	4.00%	1.13%	0.22%
16.86	14.79	22.33	19.35
1.27	0.76	0.00	0.00
0.23	0.00	0.58	1.60
1.45	1.39	1.50	1.42
1.11	1.06	1.37	1.15
23.53	22.00	26.91	23.74
0.00	0.00	0.27	0.00
4.33	5.39	4.02	3.19
0.01	0.00	0.21	0.24
0.33	0.50	0.11	0.00
0.95	0.84	0.25	0.32
3.97	4.44	3.59	3.73
0.88	1.00	1.02	1.22
4.36	4.41	2.99	0.99
14.83	16.58	12.46	9.69
1.03	0.69	0.88	0.66
0.91	0.11	0.94	0.90
1.89	1.23	1.65	1.90
0.39	0.02	0.34	0.00
4.22	2.05	3.81	3.46
19.05	18.63	16.27	13.15
6.56	7.52	4.83	4.62
2.33	1.05	2.48	4.60
0.43	0.59	0.36	0.80
0.29	0.49	0.58	0.28
0.48	0.06	0.37	0.14
0.55	0.21	0.95	1.76
1.14	1.08	0.95	0.96
0.06	0.06	0.14	0.30
0.92	0.94	0.73	0.68
2.05	4.85	1.16	1.25
14.81	16.85	12.55	15.39
1.74	1.77	1.71	0.22
0.69	2.07	3.02	2.07
0.75	1.72	0.43	0.00
0.14	0.13	0.23	0.10
0.09	0.18	0.08	0.02
2.06	3.11	1.79	0.53
0.75	0.44	0.49	0.13
1.00	0.01	0.37	0.46
7.22	9.43	8.12	3.53

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $250,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	6.73%	9.82%	8.86%	10.98%
Receivables	24.25	17.89	16.69	13.44
Inventories	8.61	8.53	6.76	5.03
Other current assets	6.02	4.52	5.80	2.28
TOTAL CURRENT ASSETS	45.61	40.76	38.11	31.73
FIXED ASSETS				
Real estate	2.81	7.29	4.97	12.91
Less: Accumulated depreciation	0.97	1.98	1.52	3.95
	1.84	5.31	3.45	8.96
Machinery and equipment	81.65	87.12	90.28	101.61
Less: Accumulated depreciation	43.69	46.01	48.95	45.67
	37.96	41.11	41.33	55.94
Other fixed assets	13.94	8.46	19.71	7.28
Less: Accumulated depreciation	4.67	4.71	5.08	5.18
	9.27	3.75	14.63	2.10
NET FIXED ASSETS	49.07	50.17	59.41	67.00
OTHER ASSETS	5.32	9.07	2.48	1.27
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	12.48	13.23	11.85	11.03
Accounts payable	15.00	11.46	13.56	6.64
Other current liabilities	6.89	3.87	3.92	2.75
TOTAL CURRENT LIABILITIES	34.37	28.56	29.33	20.42
LONG-TERM LIABILITIES	43.63	25.32	63.53	30.07
TOTAL LIABILITIES	78.00	53.88	92.86	50.49
SHAREHOLDERS' AND PROPRIETORS' EQUITY	22.00	46.12	7.14	49.51
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.33	1.43	1.30	1.55
QUICK RATIO	1.08	1.13	1.07	1.31
TOTAL LIABILITIES TO EQUITY	3.55	1.17	13.01	1.02
LONG-TERM LIABILITIES TO EQUITY	1.98	0.55	8.90	0.61
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.54	0.53	0.54	0.45

SALES FROM $250,000-$500,000		SALES FROM $500,000-$1,500,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
5.18%	9.50%	5.19%	7.40%
28.57	14.90	31.10	33.51
8.77	13.72	11.44	9.53
4.19	0.41	8.67	16.26
46.71	38.53	56.40	66.70
0.84	2.79	1.76	0.00
0.00	0.00	1.28	0.00
0.84	2.79	0.48	0.00
80.02	89.93	69.68	46.68
44.95	60.85	33.56	24.61
35.07	29.08	36.12	22.07
7.27	2.59	12.90	20.21
2.43	0.86	6.82	9.32
4.84	1.73	6.08	10.89
40.75	33.60	42.68	32.96
12.54	27.87	0.92	0.34
100.00	100.00	100.00	100.00
18.16	23.38	6.46	3.52
22.83	25.23	7.54	2.84
5.37	1.15	13.60	10.76
46.36	49.76	27.60	17.12
30.03	31.47	28.29	4.20
76.39	81.23	55.89	21.32
23.61	18.77	44.11	78.68
100.00	100.00	100.00	100.00
1.01	0.77	2.04	3.90
0.82	0.50	1.63	3.34
3.24	4.33	1.27	0.27
1.27	1.68	0.64	0.05
0.56	0.68	0.48	0.53

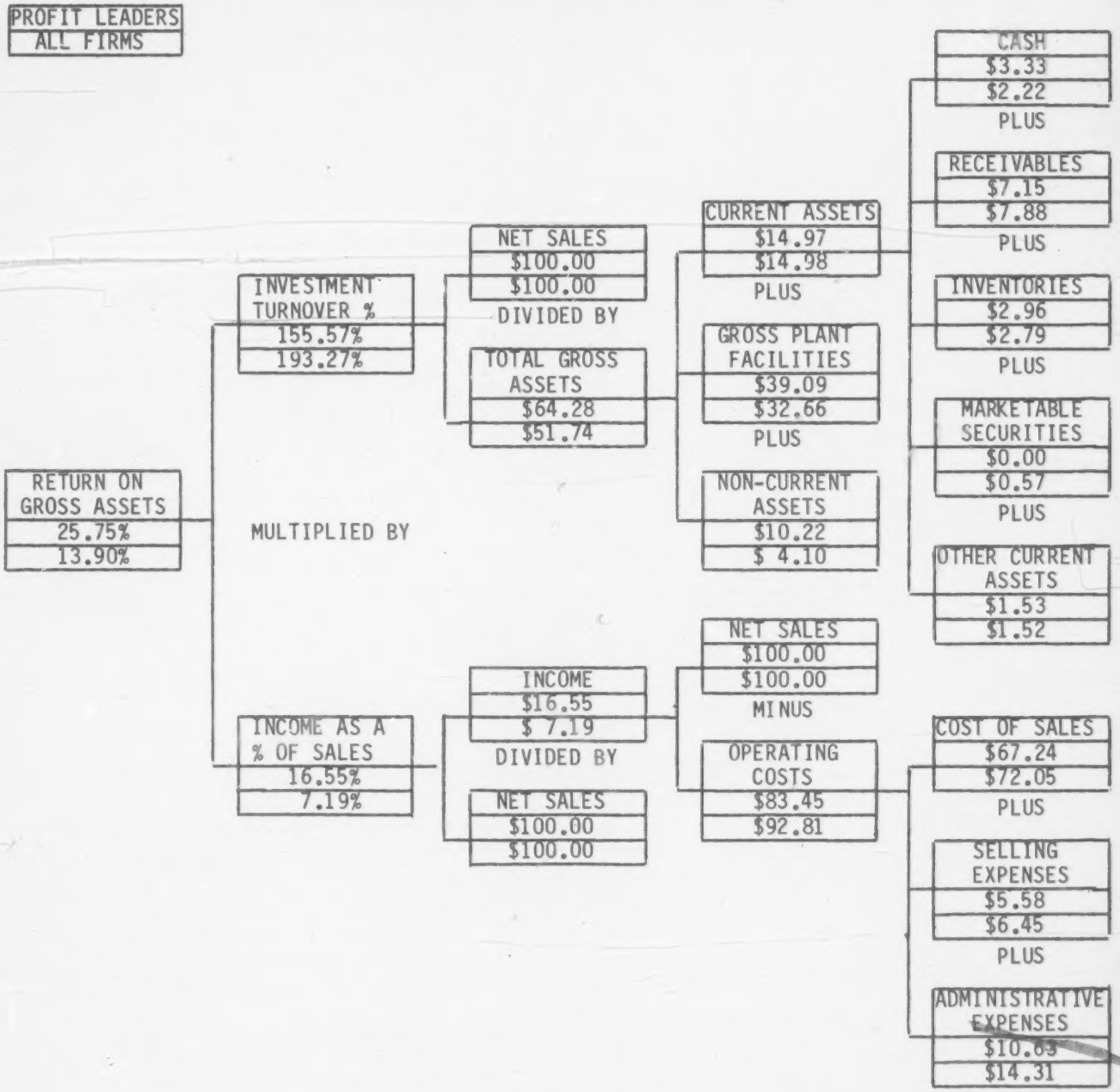
SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $250,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 17,605	$ 25,233	$ 18,769	$ 29,193
Average assets per factory employee (Excluding Executives)	26,761	37,883	28,012	37,928
Average net worth per employee - All employees	6,634	14,120	6,269	15,731
Average gross plant investment per factory employee (Excluding Executives)	24,758	31,752	31,761	41,236
Net worth percentage of fixed assets	59.95%	167.04%	(12.63)%	80.00%
EMPLOYEES				
Percent factory - All employees	74.38%	81.79%	73.86%	90.00%
Percent administrative - All employees	19.49	13.80	22.28	10.00
Percent sales - All employees	6.13	4.41	3.86	0.00
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 48,563	$ 60,673	$ 54,837	$ 77,732
Sales per factory employee	67,797	77,668	79,062	95,904
Sales less material per factory employee	48,562	58,085	56,804	71,327
Sales per administrative employee	209,843	157,316	92,951	36,343
EXCLUDING EXECUTIVES				
Sales per employee - All employees	60,731	65,428	71,491	77,732
Sales per factory employee	71,801	80,951	83,362	95,904
Sales less material per factory employee	51,348	60,419	59,682	71,327
SALES PER SALESMAN	251,703	0	0	0
SALES TO CURRENT ASSETS	906%	894%	1,120%	1,153%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	36.62%	29.27%	34.22%	21.46%
Factory payroll percentage of gross plant investment	96.67	62.52	72.94	44.81
Payroll per employee - All employees	$ 16,510	$ 15,803	$ 16,342	$ 15,647
Payroll per factory employee	15,098	15,692	15,966	17,900
Payroll per administrative employee	18,735	13,891	13,045	2,678
Payroll per sales employee	8,717	8,151	2,063	0
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 12,655	$ 12,546	$ 12,660	$ 13,026
Payroll per factory employee	12,682	12,707	13,148	14,063
Payroll per administrative employee	7,516	6,831	3,307	2,628
Payroll per sales employee	6,196	7,292	720	0
EXECUTIVE PAYROLL				
Payroll per executive - All executives	20,243	14,120	11,528	0
Payroll per factory executive	9,361	5,048	3,101	0
Payroll per administrative executive	20,811	15,766	11,581	0
Payroll per sales executive	8,703	5,012	1,781	0
RECEIVABLES				
Collection period	29.4	26.9	20.9	19.8
PROFIT				
Gross profit percentage of sales	27.95%	32.76%	27.05%	29.44%
Average gross profit per factory employee	$ 21,315	$ 27,535	$ 25,202	$ 31,270
Income before taxes percentage of sales	4.95%	14.49%	4.06%	17.14%
Average income before taxes per employee	$ 3,489	$ 9,723	$ 4,919	$ 14,112

SALES FROM $250,000-$500,000		SALES FROM $500,000-$1,500,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 18,494	$ 24,567	$ 14,600	$ 16,331
30,222	48,475	20,401	21,885
7,173	12,292	6,553	12,835
21,912	27,183	16,935	14,897
99.82%	248.58%	128.07%	262.33%
73.27%	71.82%	76.64%	76.21%
20.17	16.59	14.10	19.14
6.56	11.59	9.26	4.65
$ 46,690	$ 43,726	$ 40,707	$ 43,445
64,294	61,062	53,871	56,985
45,872	48,714	38,531	39,035
261,662	275,505	335,019	282,465
58,033	57,729	46,617	46,215
69,187	71,689	56,280	57,462
49,395	56,277	40,249	39,364
0	0	251,703	0
848%	790%	632%	402%
36.55%	37.51%	40.62%	36.44%
99.11	67.07	132.19	99.95
$ 17,030	$ 16,134	$ 16,133	$ 15,696
14,971	13,452	13,846	13,534
22,999	26,693	22,588	22,720
8,471	12,151	19,839	22,528
$ 12,474	$ 11,620	$ 12,872	$ 12,732
12,359	10,888	12,329	12,044
9,960	8,986	11,299	14,108
4,334	10,095	17,422	21,315
26,095	24,509	27,089	33,834
14,317	11,686	13,340	7,708
26,412	25,748	28,807	40,208
7,740	9,000	21,155	11,562
33.5	23.2	37.9	50.0
28.74%	39.06%	28.41%	31.60%
$ 20,276	$ 27,580	$ 16,296	$ 18,132
4.89%	11.52%	6.47%	12.31%
$ 2,260	$ 5,267	$ 2,700	$ 5,434

RETURN ON INVESTMENT (ROI) CHART - ALL FIRMS REPORTING

RETURN ON INVESTMENT CHART - BASE: $100 OF SALES



RETURN ON INVESTMENT - PER $100 OF SALES

	SALES TO $250,000		SALES FROM $250,000-$500,000		SALES FROM $500,000-$1,500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT						
Current Assets:						
Cash	$ 3.21	$ 4.04	$ 1.57	$ 2.28	$ 1.42	$ 3.12
Receivables	5.54	5.22	9.08	6.32	10.18	13.23
Inventories	2.15	1.77	2.88	4.76	3.70	3.23
Marketable securities	0.39	0.00	1.27	0.00	0.00	0.00
Other current assets	1.29	0.81	0.41	0.23	3.29	5.29
	12.58	11.84	15.21	13.59	18.59	24.87
Plant Investment:						
Land and building	1.80	4.69	0.16	0.53	0.40	0.00
Machinery and equipment	28.72	37.21	27.81	34.54	24.03	18.05
Other fixed assets	5.60	2.97	3.06	3.10	4.65	7.96
	36.12	44.87	31.03	38.17	29.08	26.01
Non-Current Assets	0.77	0.58	11.44	33.01	0.33	0.15
TOTAL INVESTMENT	49.47	57.29	57.68	84.77	48.00	51.03
INVESTMENT TURNOVER PER $100 OF SALES	202.14%	174.55%	173.37%	117.97%	208.33%	195.96%
EARNINGS						
Cost of Product	$72.95	$70.56	$71.26	$60.94	$71.59	$68.40
Selling Expenses	4.82	4.10	7.22	9.43	8.12	3.53
Administrative Expenses	15.00	4.98	14.81	16.85	12.55	15.39
	92.77	79.64	93.29	87.22	92.26	87.32
Income Before Interest, Other Income (Expense), and Taxes	7.23	20.36	6.71	12.78	7.74	12.68
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	14.61%	35.54%	11.63%	15.08%	16.12%	24.85%

CHAPTER 2 - BY METROPOLITAN AND NON-METROPOLITAN AREA

REPORT ON OPERATIONS - SALES = 100%

	METROPOLITAN		NON-METROPOLITAN	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	18.13	18.22	14.25	13.79
Other chargeable materials	4.29	2.69	5.33	5.61
Outside services	7.16	8.28	4.81	3.00
TOTAL MATERIALS	29.58	29.19	24.39	22.40
FACTORY PAYROLL	24.78	21.89	19.69	20.52
FACTORY EXPENSES	18.79	16.37	22.29	24.01
TOTAL FACTORY COST OF PRODUCT	73.15	67.45	66.37	66.93
GROSS PROFIT	26.85	32.55	33.63	33.07
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	14.83	10.86	11.56	10.26
Selling expenses	6.80	7.24	4.61	3.10
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	21.63	18.10	16.17	13.36
INCOME BEFORE INTEREST EXPENSE	5.22	14.45	17.46	19.71
Interest expense	1.50	1.12	1.48	1.03
OPERATING INCOME	3.72	13.33	15.98	18.68
Other (expense)	(0.62)	(1.44)	(1.41)	(0.30)
INCOME BEFORE INCOME TAXES	3.10	11.89	14.57	18.38

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	1.10%	0.66%	0.43%	0.45%
Film	0.78	0.75	0.98	1.04
Plates	1.66	0.85	0.89	0.93
Other chargeable materials	0.75	0.43	3.03	3.19
TOTAL OTHER CHARGEABLE MATERIALS	4.29	2.69	5.33	5.61
OUTSIDE SERVICES				
Composition	1.08	1.09	0.63	0.39
Offset preparation	0.56	0.56	0.00	0.00
Printing	4.31	6.63	3.35	2.09
Binding	0.32	0.00	0.22	0.14
Other outside services	0.89	0.00	0.61	0.38
TOTAL OUTSIDE SERVICES	7.16	8.28	4.81	3.00

SUPPORTING SCHEDULES - SALES = 100%

	METROPOLITAN		NON-METROPOLITAN	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.99%	2.07%	0.00%	0.00%
Direct wages	17.88	15.83	15.24	15.28
General factory salaries and wages	1.24	0.38	1.69	2.11
Packing, shipping and delivery wages	0.48	0.53	0.22	0.28
Payroll taxes	2.05	2.16	1.48	1.53
Employee benefits	1.14	0.92	1.06	1.32
TOTAL FACTORY PAYROLL	24.78	21.89	19.69	20.52
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.08	0.00	0.33	0.41
Depreciation - other	3.92	4.25	3.55	3.81
Taxes - real estate	0.10	0.08	0.07	0.09
Taxes - other	0.24	0.26	0.25	0.29
Insurance	0.73	0.84	1.13	1.18
Building rent	5.30	5.25	4.05	3.85
Utilities - heat, light, etc.	1.22	1.15	1.05	1.03
Equipment rental	3.22	0.72	6.96	7.89
Total Fixed Expenses	14.81	12.55	17.39	18.55
Other Expenses				
Factory supplies and expense	0.97	0.62	0.74	0.92
Packing, shipping and delivery expense	0.77	0.34	0.09	0.11
Repairs and maintenance	1.83	2.33	2.10	1.97
Other factory expenses	0.41	0.53	1.97	2.46
Total Other Expenses	3.98	3.82	4.90	5.46
TOTAL FACTORY EXPENSES	18.79	16.37	22.29	24.01
ADMINISTRATIVE EXPENSES				
Salaries - executive	7.08	3.42	4.68	2.80
Salaries - office	2.49	3.26	0.00	0.00
Payroll taxes	0.41	0.41	0.31	0.23
Employee benefits	0.57	0.36	0.00	0.00
Bad debts	0.30	0.07	0.67	0.49
Office supplies and expenses	0.71	0.87	0.75	0.70
Professional fees	1.15	0.86	0.99	1.19
Taxes - business	0.28	0.25	0.00	0.00
Telephone	0.86	0.76	0.83	0.69
Other administrative expenses	0.98	0.60	3.33	4.16
TOTAL ADMINISTRATIVE EXPENSES	14.83	10.86	11.56	10.26
SELLING EXPENSES				
Salaries - executive	1.24	0.96	1.66	0.00
Salaries and commissions - salesmen	1.19	1.72	0.00	0.00
Salaries - sales office clerical	0.59	0.86	0.00	0.00
Payroll taxes	0.14	0.09	0.11	0.00
Employee benefits	0.08	0.10	0.00	0.00
Advertising	1.94	1.74	1.52	1.78
Travel and entertainment	0.92	1.61	1.12	1.10
Other selling expenses	0.70	0.16	0.20	0.22
TOTAL SELLING EXPENSES	6.80	7.24	4.61	3.10

BALANCE SHEET

	METROPOLITAN		NON-METROPOLITAN	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	5.64%	6.38%	12.38%	14.96%
Receivables	26.43	21.70	12.89	12.19
Inventories	8.28	6.33	10.34	11.85
Other current assets	7.17	7.53	0.00	0.00
TOTAL CURRENT ASSETS	47.52	41.94	35.61	39.00
FIXED ASSETS				
Real estate	0.54	0.00	14.59	18.23
Less: Accumulated depreciation	0.39	0.00	3.96	4.94
	0.15	0.00	10.63	13.29
Machinery and equipment	76.02	76.11	110.94	103.63
Less: Accumulated depreciation	40.99	38.95	57.73	56.60
	35.03	37.16	53.21	47.03
Other fixed assets	15.57	9.56	5.45	6.81
Less: Accumulated depreciation	4.62	3.77	4.90	6.13
	10.95	5.79	0.55	0.68
NET FIXED ASSETS	46.13	42.95	64.39	61.00
OTHER ASSETS	6.35	15.11	0.00	0.00
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	11.02	9.10	20.14	19.43
Accounts payable	14.05	5.31	19.89	20.68
Other current liabilities	7.76	4.50	2.35	2.93
TOTAL CURRENT LIABILITIES	32.83	18.91	42.38	43.04
LONG-TERM LIABILITIES	43.40	11.64	44.84	45.83
TOTAL LIABILITIES	76.23	30.55	87.22	88.87
SHAREHOLDERS' AND PROPRIETORS' EQUITY	23.77	69.45	12.78	11.13
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.45	2.22	0.84	0.91
QUICK RATIO	1.20	1.88	0.60	0.63
TOTAL LIABILITIES TO EQUITY	3.21	0.44	6.82	7.98
LONG-TERM LIABILITIES TO EQUITY	1.83	0.17	3.51	4.12
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.54	0.51	0.52	0.55

	METROPOLITAN		NON-METROPOLITAN	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 17,089	$ 27,902	$ 20,286	$ 21,229
Average assets per factory employee (Excluding Executives)	27,613	48,661	22,328	21,717
Average net worth per employee - All employees	7,151	20,783	3,942	4,127
Average gross plant investment per factory employee (Excluding Executives)	23,944	34,549	28,989	27,557
Net worth percentage of fixed assets	70.90%	280.03%	3.02%	(2.45)%
EMPLOYEES				
Percent factory - All employees	71.39%	72.43%	90.00%	95.83%
Percent administrative - All employees	21.95	20.23	6.67	4.17
Percent sales - All employees	6.66	7.34	3.33	0.00
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 45,325	$ 55,654	$ 65,400	$ 68,202
Sales per factory employee	66,822	82,269	72,871	70,766
Sales less material per factory employee	47,388	60,419	54,664	54,583
Sales per administrative employee	225,855	210,905	126,579	76,933
EXCLUDING EXECUTIVES				
Sales per employee - All employees	58,396	61,869	72,871	70,766
Sales per factory employee	71,595	87,741	72,871	70,766
Sales less material per factory employee	50,711	64,311	54,664	54,583
SALES PER SALESMAN	251,703	0	0	0
SALES TO CURRENT ASSETS	828%	642%	1,315%	1,272%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	38.58%	33.08%	26.46%	23.56%
Factory payroll percentage of gross plant investment	105.19	66.93	52.40	55.91
Payroll per employee - All employees	$ 16,757	$ 17,089	$ 15,225	$ 13,875
Payroll per factory employee	15,503	17,547	12,991	12,911
Payroll per administrative employee	19,298	16,929	15,806	9,333
Payroll per sales employee	9,286	13,585	5,762	0
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 12,899	$ 13,470	$ 11,382	$ 11,159
Payroll per factory employee	12,932	13,739	11,382	11,159
Payroll per administrative employee	8,961	11,385	0	0
Payroll per sales employee	7,388	12,153	0	0
EXECUTIVE PAYROLL				
Payroll per executive - All executives	21,528	17,784	13,559	8,623
Payroll per factory executive	11,162	8,413	0	0
Payroll per administrative executive	21,963	20,528	14,819	8,623
Payroll per sales executive	9,338	8,354	5,400	0
RECEIVABLES				
Collection period	31.9	35.0	16.0	14.7
PROFIT				
Gross profit percentage of sales	26.85%	32.55%	33.63%	33.07%
Average gross profit per factory employee	$ 20,757	$ 30,577	$ 24,213	$ 22,972
Income before taxes percentage of sales	3.10%	11.89%	14.57%	18.38%
Average income before taxes per employee	$ 2,061	$ 7,051	$ 10,912	$ 13,731

RETURN ON INVESTMENT - PER $100 OF SALES

	METROPOLITAN		NON-METROPOLITAN	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 1.99	$ 2.79	$ 3.43	$ 4.13
Receivables	8.64	9.41	3.98	3.77
Inventories	2.80	2.91	2.69	3.04
Marketable securities	0.68	0.00	0.00	0.00
Other current assets	1.81	2.55	0.00	0.00
	15.92	17.66	10.10	10.94
Plant Investment:				
Land and building	0.12	0.00	5.01	6.26
Machinery and equipment	26.09	33.83	33.09	30.70
Other fixed assets	5.01	4.94	2.09	2.61
	31.22	38.77	40.19	39.57
Non-Current Assets	4.88	17.04	0.00	0.00
TOTAL INVESTMENT	52.02	73.47	50.29	50.51
INVESTMENT TURNOVER PER $100 OF SALES	192.23%	136.11%	198.85%	197.98%
EARNINGS				
Cost of Product	$73.15	$67.45	$66.37	$66.93
Selling Expenses	6.80	7.24	4.61	3.10
Administrative Expenses	14.83	10.86	11.56	10.26
	94.78	85.55	82.54	80.29
Income Before Interest, Other (Expense), and Taxes	5.22	14.45	17.46	19.71
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	10.03%	19.67%	34.72%	39.02%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	31	$131,000	$377,000	$ 22,000
TOTAL - PROFIT LEADERS*	10	139,000	327,000	45,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$250,000	13	57,000	172,000	10,000
$250,000-$500,000	10	131,000	337,000	15,000
$500,000-$1,500,000	8	251,000	763,000	51,000
PROFIT LEADERS				
0-$250,000	5	67,000	178,000	30,000
$250,000-$500,000	3	162,000	274,000	33,000
$500,000-$1,500,000	2	281,000	779,000	101,000
BY AREA				
ALL FIRMS				
Metropolitan	26	143,000	405,000	21,000
Non-Metropolitan	5	70,000	236,000	30,000
PROFIT LEADERS				
Metropolitan	6	189,000	403,000	49,000
Non-Metropolitan	4	63,000	214,000	39,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of its size.

The following example illustrates how this calculation process eliminates the problem of the ratios giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.

BASIC GUIDE TO USING YOUR QUICK PRINTERS' RATIO STUDY

You have to know where you stand to make accurate decisions concerning your future. This guide to the ratio study, provided by the American Quick Printing Association, will give you a brief explanation of the purpose of the ratio study and a basic procedure to use to assess information about your shop.

The PURPOSE of the Quick Printers' Ratio Study is to serve as a guide to problem areas in your shop which can inhibit your growth and profitability. The study pinpoints:

- Where other quick printers of your sales volume and in a similar market area are financially.
- Profit leaders in your sales volume and market area.
- Problem areas, specifically from paper costs to getting a return on your investments, that are not pulling their weight that need attention because they are decreasing your profits.

WHY RATIOS? This financial study is presented in percentage form based on sales. Therefore, convert your statements to percentages of your sales volume to make specific comparisons. The PIA Ratio Study Program utilizes percentages because dollar amounts can vary for each quick printing shop, but percentages with the base of 100% of sales volume provide a common base for more accurate comparison.

BASIC PROCEDURE to use the Quick Printers' Ratio Study is to prepare your Statement of Operations and Balance Sheet, based on your sales volume figure percentages. You can do this, one item at a time comparing each item as you progress...or convert your information at one time, then compare taking special note of problem areas. If you participated in the study, it is a good idea to get your copy of your input and the Chart of Accounts provided by PIA to refresh your understanding of the data.

Compare your percentages to the profit leaders in your sales volume category in Chapter 1, then in your type of market in Chapter 2. If you see a large discrepancey in a particular area, multiply and convert the figures back to dollars, using your sales volume as a base, to get the actual cost of this problem area to your shop. By using this comparison, the study can give you specific direction as to where you can increase your current profits by focusing more effective management controls on areas that are not pulling their weight in your operation.

You now have a standard to investigate and improve your operation. Now that you are familiar with the use of this study, as you participate each year, make it a habit to thoroughly check your shop at least yearly to see how you measure with your peers in each of the categories.

KEEP IN MIND in working with this data, that when you participate, your firm's individual ratios are computed, then combined with individual ratios of other similar firms, rather than being based on a total dollar sum percentage for a group of companies. The result is a more representative ratio of the quick printing industry on a "common size basis"...where your shop is directly reflected and also used to evaluate other operations. A more specific guide, going step-by-step through a sample firm evaluation, is available in the first volume of the PIA Ratio Studies if you decide to perform a more detailed analysis.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1984 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1985 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director
PIA Financial Services

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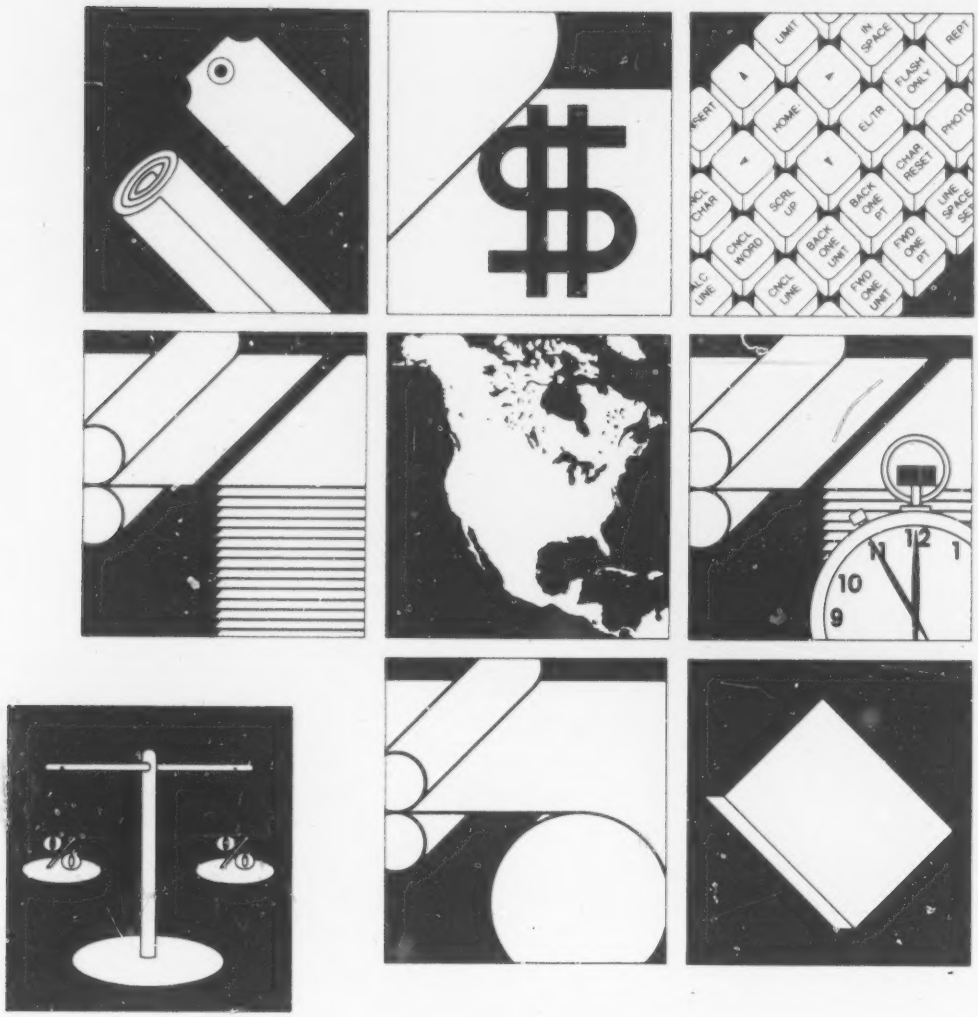
PPA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



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Quick Printers

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

For further information, contact:

William A. Rose, II
Director, PIA Financial Services
1730 North Lynn Street
Arlington, Virginia 22209
703/841-4805

PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

Printing Industries of America, Inc.
Margaret A. Hogue, Director of Editorial Services
1730 North Lynn Street
Arlington, Virginia 22209
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Volume XIV: Quick Printers

An Annual Financial Survey Conducted By:
PIA Financial Services
1730 North Lynn Street
Arlington, VA 22209

Accounting Firm:

H. R. Margolis
Certified Public Accountants
New York and Philadelphia (Bala Cynwyd)

Data Processing:

RGS Enterprises, Inc.
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Arnold, MD 21012

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PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-4805

Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Quick Printers:

In the accompanying pages are the 1985 PIA FINANCIAL RATIOS FOR QUICK PRINTERS who participated in the 1985 Ratio Studies. This Ratio Study was developed on the basis of questionnaires volunteered by 24 firms and presents the ratios and statistics of Quick Printers by sales volume.

Thus the user of the report can direct himself to the standards for his sales size — for example, sales to $250,000, sales from $250,000 to $500,000, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms in four areas: Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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The American Quick Printing Association (AQPA), a special industry group of Printing Industries of America, Inc., represents quick printers. AQPA provides information and services of special interest and benefit to the quick printing segment of our industry.

AQPA endorses the annual PIA Financial Ratio Study and encourages it's use. If you would like more information about the AQPA, please do not hesitate to contact me.

David F. Bacon
Executive Director, AQPA
President, PIAS

The Printing Industry Association
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REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	16.95	19.74	16.77
Other chargeable materials	4.21	4.18	3.06
Outside services	13.62	8.21	14.75
TOTAL MATERIALS	34.78	32.13	34.58
FACTORY PAYROLL	20.28	22.92	17.95
FACTORY EXPENSES	17.07	13.09	18.38
TOTAL FACTORY COST OF PRODUCT	72.13	68.14	70.91
GROSS PROFIT	27.87	31.86	29.09
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	14.49	11.95	16.91
Selling expenses	7.08	8.88	7.22
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	21.57	20.83	24.13
INCOME BEFORE INTEREST EXPENSE	6.30	11.03	4.96
Interest expense	1.84	1.53	2.84
OPERATING INCOME	4.46	9.50	2.12
Other income (expense)	0.05	0.92	0.48
INCOME BEFORE INCOME TAXES	4.51	10.42	2.60

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	0.68%	0.56%	0.48%
Film	0.77	0.03	0.70
Plates	1.23	1.59	0.91
Other chargeable materials	1.53	2.00	0.97
TOTAL OTHER CHARGEABLE MATERIALS	4.21	4.18	3.06
OUTSIDE SERVICES			
Composition	1.50	0.78	2.23
Offset preparation	1.66	0.33	1.66
Printing	6.86	6.06	8.94
Binding	0.73	0.76	0.69
Other outside services	2.87	0.28	1.23
TOTAL OUTSIDE SERVICES	13.62	8.21	14.75

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $250,000-$500,000		SALES FROM $500,000-$1,500,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%
18.01	28.18	17.23	16.49
3.68	4.61	4.34	4.12
18.71	12.23	8.74	5.81
40.40	45.02	30.31	26.42
16.50	14.96	26.51	27.15
16.45	11.30	16.03	14.90
73.35	71.28	72.85	68.47
26.65	28.72	27.15	31.53
13.94	10.06	13.02	13.59
6.41	5.67	7.08	8.14
20.35	15.73	20.10	21.73
6.30	12.99	7.05	9.80
1.48	0.89	1.26	0.81
4.82	12.10	5.79	8.99
(0.54)	0.72	0.41	0.75
4.28	12.82	6.20	9.74
0.85%	0.49%	0.72%	0.62%
0.44	0.00	0.74	0.04
0.89	0.84	1.97	2.02
1.50	3.28	0.91	1.44
3.68	4.61	4.34	4.12
1.20	0.00	1.43	1.46
3.14	0.00	0.28	0.62
7.73	12.23	4.77	1.78
0.15	0.00	1.45	1.43
6.49	0.00	0.81	0.52
18.71	12.23	8.74	5.81

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.90%	3.56%	2.72%
Direct wages	15.34	15.43	13.20
General factory salaries and wages	0.32	1.01	0.00
Packing, shipping and delivery wages	0.61	0.58	0.15
Payroll taxes	1.18	1.40	0.94
Employee benefits	0.93	0.94	0.94
TOTAL FACTORY PAYROLL	20.28	22.92	17.95
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.05	0.04	0.00
Depreciation - other	4.17	3.18	5.61
Taxes - real estate	0.08	0.02	0.03
Taxes - other	0.15	0.09	0.06
Insurance	0.78	0.67	0.94
Building rent	4.05	2.92	5.21
Utilities - heat, light, etc.	1.01	0.64	1.45
Equipment rental	2.45	1.96	1.52
Total Fixed Expenses	12.74	9.52	14.82
Other Expenses			
Factory supplies and expense	1.09	1.17	0.72
Packing, shipping and delivery expense	0.96	1.07	0.56
Repairs and maintenance	1.84	1.16	1.86
Other factory expenses	0.44	0.17	0.42
Total Other Expenses	4.33	3.57	3.56
TOTAL FACTORY EXPENSES	17.07	13.09	18.38
ADMINISTRATIVE EXPENSES			
Salaries - executive	6.71	5.11	7.95
Salaries - office	2.55	2.05	3.40
Payroll taxes	0.67	0.35	1.15
Employee benefits	0.41	0.50	0.53
Bad debts	0.41	0.53	0.13
Office supplies and expenses	0.71	0.55	0.77
Professional fees	0.80	0.74	0.50
Taxes - business	0.29	0.20	0.42
Telephone	0.80	0.61	1.24
Other administrative expenses	1.14	1.31	0.82
TOTAL ADMINISTRATIVE EXPENSES	14.49	11.95	16.91
SELLING EXPENSES			
Salaries - executive	1.86	2.29	3.10
Salaries and commissions - salesmen	1.05	1.85	0.13
Salaries - sales office clerical	0.41	1.03	0.00
Payroll taxes	0.18	0.31	0.10
Employee benefits	0.08	0.12	0.06
Advertising	1.54	1.54	1.62
Travel and entertainment	0.64	0.77	0.67
Other selling expenses	1.32	0.97	1.54
TOTAL SELLING EXPENSES	7.08	8.88	7.22

** Sample insufficient for Profit Leaders.

SALES FROM $250,000-$500,000		SALES FROM $500,000-$1,500,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
0.78%	3.10%	2.37%	2.64%
13.47	9.18	19.67	19.87
0.07	0.00	0.90	1.76
0.46	1.12	0.90	0.19
0.91	0.53	1.65	1.79
0.81	1.03	1.02	0.90
16.50	14.96	26.51	27.15
0.00	0.00	0.14	0.07
3.31	2.98	3.61	3.22
0.12	0.00	0.07	0.03
0.12	0.00	0.23	0.09
0.76	1.10	0.71	0.49
3.43	1.76	3.80	3.53
0.85	0.40	0.82	0.71
4.08	2.41	1.62	2.23
12.67	8.65	11.00	10.37
0.91	0.56	1.48	1.76
1.05	1.30	1.16	1.16
1.23	0.64	2.15	1.38
0.59	0.15	0.24	0.23
3.78	2.65	5.03	4.53
16.45	11.30	16.03	14.90
6.49	1.89	6.25	6.96
2.12	3.14	1.80	1.79
0.46	0.18	0.48	0.42
0.19	0.01	0.52	0.82
0.79	0.95	0.25	0.46
0.55	0.60	0.81	0.49
0.97	0.64	0.86	0.58
0.05	0.20	0.44	0.25
0.73	0.79	0.53	0.55
1.59	1.66	1.08	1.27
13.94	10.06	13.02	13.59
0.81	1.00	1.91	1.45
0.23	0.00	1.91	3.01
0.31	1.23	0.86	1.19
0.09	0.17	0.28	0.28
0.01	0.00	0.13	0.11
2.01	1.34	1.12	1.25
0.82	1.65	0.40	0.53
2.13	0.28	0.47	0.32
6.41	5.67	7.08	8.14

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $250,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	14.15%	24.42%	13.22%
Receivables	30.03	31.98	22.72
Inventories	7.90	7.05	6.21
Other current assets	7.39	11.53	7.78
TOTAL CURRENT ASSETS	59.47	74.98	49.93
FIXED ASSETS			
Real estate	2.52	2.26	0.00
Less: Accumulated depreciation	0.25	0.09	0.00
	2.27	2.17	0.00
Machinery and equipment	73.35	56.85	100.46
Less: Accumulated depreciation	42.96	38.90	57.65
	30.39	17.95	42.81
Other fixed assets	10.92	9.35	13.51
Less: Accumulated depreciation	5.34	6.25	6.57
	5.58	3.10	6.94
NET FIXED ASSETS	38.24	23.22	49.75
OTHER ASSETS	2.29	1.80	0.32
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.20	7.52	13.96
Accounts payable	15.46	13.35	10.16
Other current liabilities	5.63	8.58	6.05
TOTAL CURRENT LIABILITIES	31.29	29.45	30.17
LONG-TERM LIABILITIES	29.86	9.26	46.22
TOTAL LIABILITIES	61.15	38.71	76.39
SHAREHOLDERS' AND PROPRIETORS' EQUITY	38.85	61.29	23.61
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.90	2.55	1.65
QUICK RATIO	1.65	2.31	1.45
TOTAL LIABILITIES TO EQUITY	1.57	0.63	3.24
LONG-TERM LIABILITIES TO EQUITY	0.77	0.15	1.96
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.59	0.68	0.57

** Sample insufficient for Profit Leaders.

SALES FROM $250,000-$500,000		SALES FROM $500,000-$1,500,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
14.74%	9.16%	15.36%	24.66%
41.12	57.28	25.82	23.55
9.35	12.05	8.00	6.32
1.30	0.00	13.98	19.67
66.51	78.49	63.16	74.20
1.02	0.00	6.54	3.95
0.00	0.00	0.75	0.16
1.02	0.00	5.79	3.79
63.45	61.24	60.71	46.95
40.70	39.95	35.87	31.98
22.75	21.29	24.84	14.97
6.51	0.00	11.70	14.61
1.96	0.00	6.88	10.06
4.55	0.00	4.82	4.55
28.32	21.29	35.45	23.31
5.17	0.22	1.39	2.49
100.00	100.00	100.00	100.00
10.59	8.66	6.30	7.85
27.34	25.28	9.33	7.25
5.83	15.82	4.92	5.92
43.76	49.76	20.55	21.02
29.60	1.04	15.28	5.64
73.36	50.80	35.83	26.66
26.64	49.20	64.17	73.34
100.00	100.00	100.00	100.00
1.52	1.58	3.07	3.53
1.31	1.34	2.68	3.23
2.75	1.03	0.56	0.36
1.11	0.02	0.24	0.08
0.64	0.65	0.59	0.68

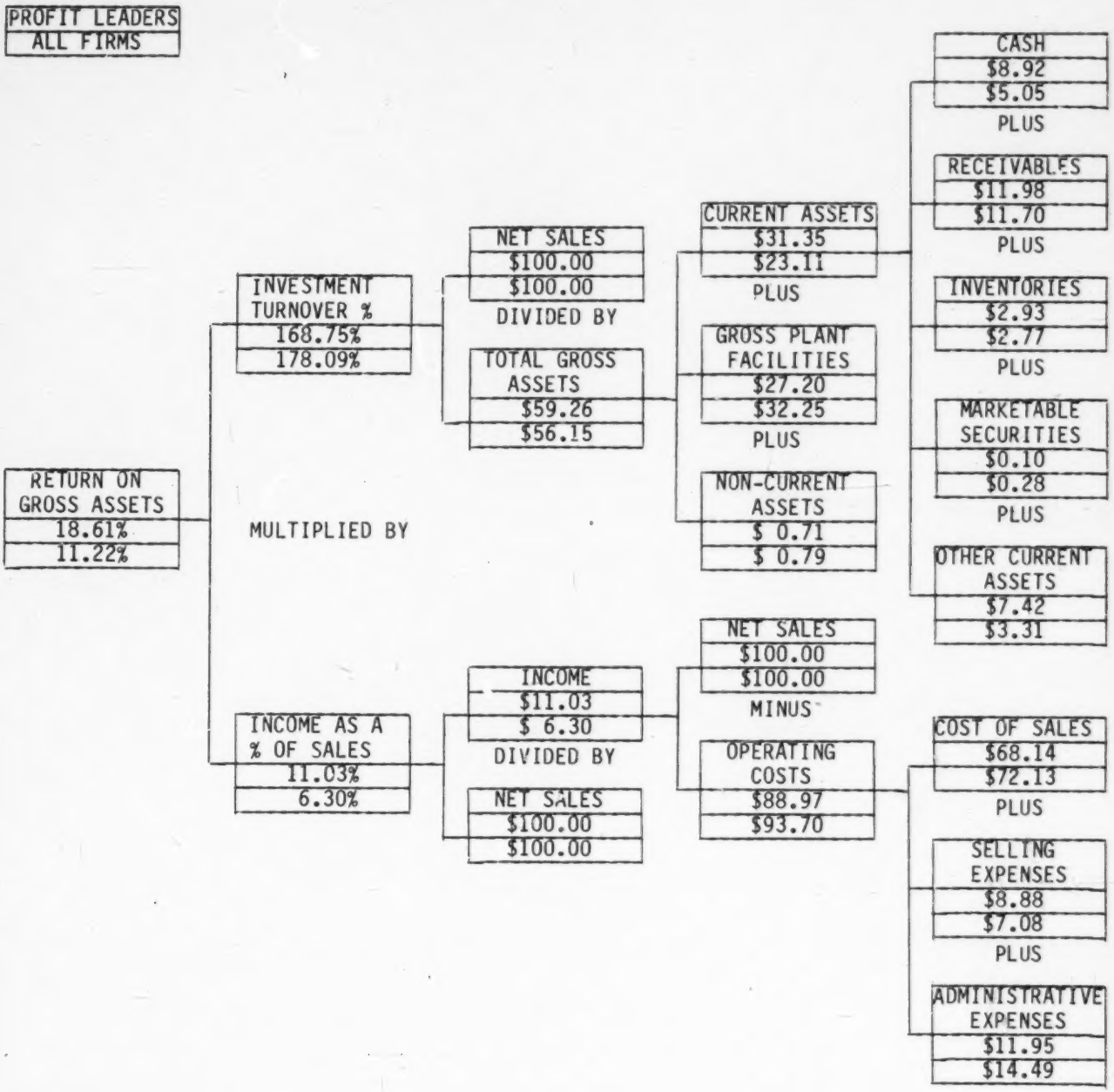
SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $250,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 24,386	$ 22,400	$ 17,539
Average assets per factory employee (Excluding Executives)	45,083	34,580	34,407
Average net worth per employee - All employees	8,604	14,505	3,105
Average gross plant investment per factory employee (Excluding Executives)	34,328	21,874	44,085
Net worth percentage of fixed assets	233.88%	532.49%	81.84%
EMPLOYEES			
Percent factory - All employees	68.89%	72.77%	66.24%
Percent administrative - All employees	22.73	15.33	26.35
Percent sales - All employees	8.38	11.90	7.41
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 61,595	$ 56,269	$ 52,872
Sales per factory employee	102,371	78,138	90,100
Sales less material per factory employee	60,359	52,029	59,740
Sales per administrative employee	345,062	408,081	324,091
EXCLUDING EXECUTIVES			
Sales per employee - All employees	92,614	68,745	82,925
Sales per factory employee	111,980	87,641	112,426
Sales less material per factory employee	66,097	58,127	72,908
SALES PER SALESMAN	228,158	139,209	0
SALES TO CURRENT ASSETS	528%	374%	690%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	34.20%	36.52%	34.36%
Factory payroll percentage of gross plant investment	84.84	124.90	60.88
Payroll per employee - All employees	$ 19,905	$ 19,942	$ 17,873
Payroll per factory employee	16,792	17,110	14,696
Payroll per administrative employee	26,908	31,761	19,175
Payroll per sales employee	16,875	27,712	5,810
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 14,877	$ 14,234	$ 13,359
Payroll per factory employee	14,355	13,741	13,087
Payroll per administrative employee	10,122	14,295	6,201
Payroll per sales employee	7,313	12,644	952
EXECUTIVE PAYROLL			
Payroll per executive - All executives	31,049	41,383	19,356
Payroll per factory executive	17,393	38,568	6,306
Payroll per administrative executive	30,746	42,404	16,317
Payroll per sales executive	14,746	24,302	6,124
RECEIVABLES			
Collection period	43.6	44.3	26.7
PROFIT			
Gross profit percentage of sales	27.87%	31.86%	29.09%
Average gross profit per factory employee	$ 30,573	$ 28,180	$ 33,797
Income before taxes percentage of sales	4.51%	10.42%	2.60%
Average income before taxes per employee	$ 2,498	$ 5,883	$ 1,330

** Sample insufficient for Profit Leaders.

SALES FROM $250,000-$500,000		SALES FROM $500,000-$1,500,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 30,780	$ 22,692	$ 24,044	$ 24,620
64,088	36,018	36,042	35,616
6,843	11,758	15,036	18,299
33,752	22,823	26,356	20,342
146.85%	216.33%	474.60%	788.85%
65.08%	71.03%	75.91%	76.04%
28.01	20.85	14.46	12.82
6.91	8.12	9.63	11.14
$ 75,992	$ 65,380	$ 55,586	$ 54,375
140,317	91,628	76,703	72,899
68,217	49,532	52,375	53,521
279,698	319,201	439,265	474,699
130,088	77,685	67,602	62,188
143,295	103,541	82,613	77,302
69,725	55,564	56,266	56,737
274,213	0	139,209	139,209
463%	372%	447%	343%
27.21%	22.58%	40.67%	43.20%
80.87	76.86	114.66	159.77
$ 19,075	$ 14,249	$ 22,407	$ 23,479
16,997	13,463	18,612	19,264
23,895	16,734	36,603	42,751
7,700	8,269	33,835	39,193
$ 15,310	$ 10,998	$ 15,593	$ 16,908
14,923	10,429	15,131	16,111
9,552	13,497	12,920	16,602
4,083	5,500	13,560	17,710
24,940	26,144	45,909	53,630
7,497	29,987	34,727	46,783
24,437	24,129	47,525	56,425
6,381	15,000	27,498	29,312
58.9	68.7	42.5	39.3
26.65%	28.72%	27.15%	31.53%
$ 34,124	$ 29,553	$ 23,964	$ 24,950
4.28%	12.82%	6.20%	9.74%
$ 2,449	$ 8,044	$ 3,451	$ 5,321

RETURN ON INVESTMENT CHART - BASE: $100 OF SALES



	SALES TO $250,000**	SALES FROM $250,000-$500,000		SALES FROM $500,000-$1,500,000	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT					
Current Assets:					
Cash	$ 3.89	$ 5.28	$ 3.96	$ 6.14	$ 9.80
Receivables	7.12	16.11	18.83	11.33	10.50
Inventories	1.71	2.98	4.93	3.43	2.66
Marketable securities	0.87	0.00	0.00	0.09	0.17
Other current assets	1.38	0.42	0.00	8.27	12.85
	14.97	24.79	27.72	29.26	35.98
Plant Investment:					
Land and building	0.00	0.20	0.00	2.65	1.74
Machinery and equipment	33.06	22.00	23.65	25.82	20.58
Other fixed assets	5.11	2.89	0.00	5.17	6.74
	38.17	25.09	23.65	33.64	29.06
Non-Current Assets	0.09	1.68	0.06	0.61	1.05
TOTAL INVESTMENT	53.23	51.56	51.43	63.51	66.09
INVESTMENT TURNOVER PER $100 OF SALES	187.86%	193.95%	194.44%	157.46%	151.31%
EARNINGS					
Cost of Product	$70.91	$73.35	$71.28	$72.85	$68.47
Selling Expenses	7.22	6.41	5.67	7.08	8.14
Administrative Expenses	16.91	13.94	10.06	13.02	13.59
	95.04	93.70	87.01	92.95	90.20
Income Before Interest, Other Income (Expense), and Taxes	4.96	6.30	12.99	7.05	9.80
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	9.32%	12.22%	25.26%	11.10%	14.83%

** Sample insufficient for Profit Leaders.

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	24	$231,000	$551,000	$33,000
TOTAL - PROFIT LEADERS*	7	309,000	700,000	72,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$250,000	7	53,000	162,000	5,000
$250,000-$500,000	8	137,000	366,000	18,000
$500,000-$1,500,000	8	370,000	820,000	56,000
PROFIT LEADERS				
$250,000-$500,000	2	156,000	430,000	56,000
$500,000-$1,500,000	4	446,000	955,000	93,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of its size.

The following example illustrates how this calculation process eliminates the problem of the ratios giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.

BASIC GUIDE TO USING YOUR QUICK PRINTERS' RATIO STUDY

You have to know where you stand to make accurate decisions concerning your future. This guide to the ratio study, provided by the American Quick Printing Association, will give you a brief explanation of the purpose of the ratio study and a basic procedure to use to assess information about your shop.

The PURPOSE of the Quick Printers' Ratio Study is to serve as a guide to problem areas in your shop which can inhibit your growth and profitability. The study pinpoints:

- Where other quick printers of your sales volume are financially.
- Profit leaders in your sales volume.
- Problem areas, specifically from paper costs to getting a return on your investments, that are not pulling their weight that need attention because they are decreasing your profits.

WHY RATIOS? This financial study is presented in percentage form based on sales. Therefore, convert your statements to percentages of your sales volume to make specific comparisons. The PIA Ratio Study Program utilizes percentages because dollar amounts can vary for each quick printing shop, but percentages with the base of 100% of sales volume provide a common base for more accurate comparison.

BASIC PROCEDURE to use the Quick Printers' Ratio Study is to prepare your Statement of Operations and Balance Sheet, based on your sales volume figure percentages. You can do this, one item at a time comparing each item as you progress...or convert your information at one time, then compare taking special note of problem areas. If you participated in the study, it is a good idea to get your copy of your input and the Chart of Accounts provided by PIA to refresh your understanding of the data.

Compare your percentages to the profit leaders in your sales volume category. If you see a large discrepancey in a particular area, multiply and convert the figures back to dollars, using your sales volume as a base, to get the actual cost of this problem area to your shop. By using this comparison, the study can give you specific direction as to where you can increase your current profits by focusing more effective management controls on areas that are not pulling their weight in your operation.

You now have a standard to investigate and improve your operation. Now that you are familiar with the use of this study, as you participate each year, make it a habit to thoroughly check your shop at least yearly to see how you measure with your peers in each of the categories.

KEEP IN MIND in working with this data, that when you participate, your firm's individual ratios are computed, then combined with individual ratios of other similar firms, rather than being based on a total dollar sum percentage for a group of companies. The result is a more representative ratio of the quick printing industry on a "common size basis"...where your shop is directly reflected and also used to evaluate other operations. A more specific guide, going step-by-step through a sample firm evaluation, is available in the first volume of the PIA Ratio Studies if you decide to perform a more detailed analysis.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services